

"Recently, Archibishop Zanin, the Apostolic Delegate in China, sent Reverend Father Leo Ferrary to Chungking to discuss with the Chinese Government problems concerning the passports of the said missionaries. Paying due regard to their safety and interests, the Ministry of Foreign Affairs now issues, in accordance with its fixed policy, the 'Provisional Regulations Concerning the Granting of Passports and Visas to Missionaries of Countries Having No Diplomatic Relations with China.'

The missionaries are required to secure their passports within a specified period so that a full record of their activities can be made and due protection extended to them. The text of the regulations is given below:

ENTRY PASSPORTS

1. Missionaries of countries having no diplomatic relations with China, who were engaged in religious work in this country but had left temporarily on business for neighboring countries after March and before July 1, 1941, and who wish to return to China, shall be permitted to file with a Chinese diplomatic or consular establishment or branch office abroad two copies of an application form, together with photographs, a statement of his reasons for returning, and documents proving his identity. The Chinese diplomatic or consular establishment or branch office concerned shall grant the entry visa after having secured the permission of the Ministry of Foreign Affairs.

2. The Chinese diplomatic or consular establishment or branch office concerned shall give the visa on the application form, which shall be returned to the applicant, and not on the passport issued by the applicant's government. The regular fee shall be charged for the visa.

3. No entry visas shall be granted to the said missionaries who have left China since July 2, 1941.

TRAVEL IN INTERIOR

1. Catholic missionaries of the said countries who have engaged in religious work in the interior shall apply to the Ministry of Foreign Affairs for passports for travel in the interior. The applicant shall fill up an application form, which, together with two two-inch photographs showing his bust and the necessary fee, shall be sent to the Ministry of Foreign Affairs. The applicant shall also submit to that Ministry a guarantee from the Office of the Apostolic Delegate in China that the applicant will not engage in any political activity or violate the law of the land.

2. Protestant missionaries of the said countries who have been engaged in religious work in the interior shall secure guarantees from their respective missions and apply for passports for travel in the interior in accordance with the above procedure.

3. The above-mentioned passports for travel in the interior shall be valid for one year, and the fee charged for each of them is eight dollars. Such passports may be renewed at their expiration and a fee of eight dollars is charged for every new passport issued.

4. If the business of the mission requires a missionary to leave the place where he is working for another place, the mission shall submit a written statement of the business and the time required for the trip back and forth or the locality to which the missionary has been transferred, and request the local authorities of the place where he is residing to visa the passport issued by the Ministry of Foreign Affairs, indicating the route to be followed and the destination. No fee will be charged for the visa.

5. If it becomes necessary, on account of war, for a missionary to leave the place where he works for some other place, the local authorities of the place where he is residing shall request the Central Government to restrict his activities or to persuade him to move elsewhere. He shall be granted the necessary visa free of charge.

6. Upon the entry into force of the present regulations, the said missionaries shall apply, in compliance with Articles 1 and 2 or Section B, for new passports within two months, irrespective of whether the visa or passports for travel in the interior which they now hold have expired or not.

DEPARTURE PASSPORTS

1. If the said missionaries wish to leave China and have no intention of returning, they shall request the provincial or municipal authorities of the places where they are residing or the Ministry of Foreign Affairs to designate the route to be followed in their departure and to issue their departure passports.

2. Any missionary who is suspected of engaging in political activity or violating the law of the land shall be dealt with according to law. The Ministry of Foreign Affairs may cancel his passport for travel in the interior, designate the route for his departure, and escort him to the border. The office of the Apostolic Delegate in China or the mission to which the missionary belongs, shall be duly informed.

CHAPTER V

PUBLIC FINANCE

GENERAL SURVEY

The present war between China and Japan has been fought not only on the battlefields but also on the economic front. It is necessary to coordinate the fiscal policy of a country with other wartime government policies in order to ensure final victory. With the Sino-Japanese War developing into one of attrition, the relative economic strength of the two countries will be severely tested. The Ministry of Finance of the National Government, therefore, has had a very important and difficult task to perform. On the one hand, it has to meet the costs of war and stabilize the currency, while, on the other, it has to devise ways and means to augment China's economic strength, so that plans for the future may be patterned and put into operation. All measures hitherto adopted have been guided by two principles: First, military operations must be accompanied by national reconstruction; second, the people's livelihood must be given due consideration in the formulation of fiscal policies.

Before the present war began, numerous financial and monetary reforms had been brought about, which have contributed greatly to the successful prosecution of the war. The strict enforcement of the budgetary system, changes in the collection of salt, consolidated and other taxes, the revision of tariff, the introduction of the income tax, excess profit tax and the wartime consumption tax, the differentiation of national from local revenues, and the readjustment of both foreign and domestic loans—have been largely responsible for the unification of China's finances and the soundness of her wartime financial structure. Other definite steps have been taken to increase the capital of the four Government banks, to extend more loans for agricultural and industrial development and to encourage thrift and savings. Of particular importance is the adoption of the legal tender policy which has given China a managed currency.

Material assistance from friendly nations has also helped in the development of interior provinces. During the past

three years, the National Government has concluded a number of financial agreements with Great Britain, the United States, and the U.S.S.R. Some of these took the form of credit loans, while others were barter arrangements. It should also be mentioned that the people, because of their implicit confidence in the National Government, have perfect faith in the legal tender notes and government bonds. Similarly praiseworthy have been the contributions from citizens at home and abroad.

China's financial outlook was stated in no uncertain terms by Dr. H. H. Kung, Vice-President of the Executive Yuan and concurrently Minister of Finance, on the fifth war anniversary on July 7, 1942, when he said: "As China enters its sixth year of war, she is admittedly confronted with many difficult problems, but her underlying economic and financial situation is fundamentally sound. I am confident that the difficulties can be sufficiently overcome so as to enable the country to increase its war effort and to play even a greater role in this world war against aggression. Moreover, China builds as she fights. The program of economic reconstruction has been accelerated despite the war and has already yielded gratifying results.

"Improvements in our fiscal system and in the currency structure will prove their effectiveness even more clearly in the coming year. The fact that we are no longer fighting alone, as we did during the first four and a half years, but as a member of the United Nations, naturally strengthens our position in the financial as well as other spheres."

SOME WARTIME FINANCIAL MEASURES

In order to achieve stability in its wartime finance the Chinese Government promulgated a set of currency regulations on September 8, 1939. According to the regulations, short-term commercial bills, warehouse certificates, corporate shares representing capital invested in productive enterprises and National Government bonds shall be included in the note reserve in addition to gold, silver and foreign exchange. However, these

securities shall not exceed 40% of the total amount of legal reserve. The law also prescribes that the Currency Reserve Board shall invite representatives of chambers of commerce in the principal provinces and municipalities to participate in the public inspection of note reserve and issue official reports on the total amount of notes in circulation as well as the actual condition of cash and security reserve.

As a measure of retrenchment, the regulations provide that all unnecessary offices and superfluous expenses of political, military and Party organizations shall be abolished or rigidly curtailed. While the central offices of the various organizations shall cut down expenses as much as possible, the administrative portion of the budget, such as salary and allowance for government employees, shall not be further reduced.

In the control of foreign exchange, the Foreign Exchange Auditing Committee is required by regulation to allot foreign exchange only to those applications dealing with goods included in the approved list of imports, thus the legitimate needs for foreign exchange may be supplied while foreign exchange quotations may be stabilized.

To make maximum use of capital in the country, the Ministry of Finance requires all banking institutions to develop savings deposits business according to the laws regulating savings banks, and invest their savings funds in productive enterprises. All banking institutions shall be called upon to participate in the expansion of financial networks in the Northwestern and Southwestern provinces by establishing a bank in each *hsien* in order to improve local conditions and help develop productive enterprises.

One of the most important financial reforms during the war is the redistribution of national and local revenues and expenditures in accordance with a resolution passed at the Eighth Plenary Session of the Central Executive Committee of the Kuomintang held in Chungking in April, 1941. According to the new system, the nation's finances are divided into two main categories, namely, national finance and local finance, with the provincial budgets placed under the former category. The resolution calls for a new financial order to meet the war needs and to place local governments on a sound financial foundation.

Five important points in the new system are: (1) redistribution of national and local revenue and expenditure; (2) incorporation of provincial finance with national finance; (3) unification of collecting and disbursing systems and centralization of the national treasury system; (4) centralization of collectorates; and (5) readjustment of provincial indebtedness.

The Ministry of Finance called the Third National Financial Conference in June, 1941, to consider recommendations for detailed provisions for the enforcement of the new program. Provisions for the differentiation and redistribution of national and local revenues and expenditures were promulgated by the National Government on November 8, 1941.

PUBLIC TREASURY SYSTEM

The Public Treasury Law was promulgated on June 9, 1938, while regulations governing its enforcement were announced on June 27, 1939. The Central Bank of China forms the backbone in the whole system, being charged with the "disbursement, safekeeping and transfer of cash, notes and bonds and the safekeeping of title deeds of property." In places where the Central Bank has no branches, another bank or the post office may be authorized to act as its agent in handling matters relating to the Public Treasury.

In the last quarter of 1939 when the system was first started, the head office of the treasury was established in Chungking by the Central Bank of China, which acts for the Treasury Department of the Ministry of Finance. The provinces of Szechwan, Kweichow, Kwangsi, Shensi, Kansu, Hunan, Chekiang and Kiangsi also started to form treasuries in accordance with the Public Treasury Law. Enforcement of the regulations has been deferred in Sinkiang, Yunnan, Chinghai and Ningsia because of the special conditions prevailing there. The same ruling is applicable to guerilla and war areas. At the end of 1939, 150 branch treasuries were functioning in various provinces. The year 1940 saw the establishment of 209 new branches, sub-branches and agencies.

The centralization of national and provincial finance has called for the institution of a nationwide public treasury system. The system, which calls for the centralization in the national treasury of receipts and disbursements

of all Government organizations, aims to eliminate all unlawful handling of public funds by individual offices.

At the Third National Financial Conference, it was decided that the system should be operated on a national scale, with a branch treasury in every *hsien* by the end of 1943. It was also recommended that the law should take effect from January 1, 1942, in places where, due to special conditions, the Government had hitherto deferred enforcement of the program. Four measures were adopted. First, starting from 1942, for a period of two years, a network shall be completed with at least a treasury in every *hsien*. At least half of such treasuries shall be established in the first year. Second, the Bank of China, the Bank of Communications and the Farmers' Bank of China are to establish more branches and agencies so as to facilitate the program. Nearby branch banks acting for public treasuries shall send representatives to handle receipts and disbursements of Government funds in places where such treasuries have not yet been established. Third, all provincial and local banks may be authorized by the Central Bank of China as treasury agents in accordance with the stipulations between the Ministry of Finance and the Central Bank of China. Fourth, all local banks designated or authorized by the Central Bank of China as treasury agents shall continue to function as such regardless of the re-organization of the provincial finance

on national lines. Expenditures incurred in the operation of the treasury system by agent banks after July, 1941, shall be borne by the National Treasury.

Outside war areas and border provinces, at least 1,200 public treasuries shall be established in 1,200 *hsien*, out of a total of more than 1,900 *hsien* in whole China. According to the program, 600 public treasuries shall be established by the end of 1942, but by the end of September, 1942, the number had already reached 719, thereby exceeding the original goal by a wide margin. It is expected that the whole program will be completed by the end of 1943. At the same time, the network for *hsien* and municipal treasuries is also being extended in order to help establish local finance on a sound basis. The Ministry of Finance has approved the programs drawn up by the provinces of Hunan, Kwangsi, Szechuan, Shensi, Honan, Sikang, Kwangtung, Fukien and Anhwei for establishing a treasury in every important town or village in the *hsien* where the new *hsien* system is working. The new program aims at completing the network in three years beginning from 1942. To reduce the volume of money in circulation and to eliminate the possibilities of idle capital passing into enemy hands, the Ministry has drawn up regulations governing the circulation of treasury checks in the interior provinces. The following tables show the distribution of public treasuries among the Government banks and provinces of China:—

TABLE SHOWING GOVERNMENT BANKS HANDLING NATIONAL TREASURY ACTIVITIES IN 1941

Banks	Class	National Treasury	Sub-branches		Agencies		Total
			Branches	Established	Under Preparation	Established	
Central Bank of China	1	17	86	8	11	7	130
Bank of China	...	1	27	17	...	...	45
Bank of Communications	...	1	15	5	...	...	21
Farmers' Bank of China	...	1	20	3	...	...	24
Kwangsi Provincial Bank	29	...	...	...	29
Kwangtung Provincial Bank	67	...	...	...	67
Fukien Provincial Bank	50	...	...	...	50
Szechuan Provincial Bank	41	...	...	...	41
Shensi Provincial Bank	33	...	...	...	33
Hunan Agricultural and Industrial Bank	25	...	...	...	25
Kansu Provincial Bank	22	...	...	...	22
Anhwei District Bank	34	...	...	...	34
Post Office	13	...	...	...	13
Shanghai Commercial and Savings Bank	1	...	1
TOTAL	1	20	462	33	12	7	535

DISTRIBUTION OF NATIONAL TREASURY SYSTEM BY PROVINCES IN 1941

Provinces	Class	National Treasury	Branches	Sub-branches		Agencies		Total
				Established	Under Preparation	Established	Under Preparation	
Szechwan	...	1	4	95	3	3	2	108
Hupeh	1	2	1	...	...	4
Hunan	1	9	3	5	...	18
Kwangtung	1	74	3	...	1	79
Kwangsi	1	38	1	1	...	41
Yunnan	1	6	7	...	...	14
Kweichow	1	12	2	1	...	16
Shensi	1	44	...	2	...	47
Honan	1	30	1	...	...	32
Chekiang	1	15	3	...	1	20
Fukien	1	62	4	...	1	68
Kiangsi	1	9	2	...	2	14
Ningsia	1	...	...	...	...	1
Kansu	1	27	1	...	...	29
Anhwei	1	36	1	...	...	38
Shansi	1	...	...	...	1
Suiyuan	1	...	...	1
Sikang	1	2	...	...	...	3
Chinghai	1	...	...	...	...	1
TOTAL	...	1	20	462	33	12	7	535

BUDGET

Information relating to the actual receipts and disbursements of the Government during the present emergency is not yet available for publication. The budgetary estimates for the past years were greatly increased due to military and reconstruction needs. Two things stand out prominently in the making of China's wartime budget. First, beginning from January 1, 1939,

the fiscal year was again placed on a calendar year basis. Second, beginning from January 1, 1942, all provincial revenues and expenditures were placed under the National Treasury and the provincial finance for the 31st fiscal year (1942) was amalgamated into the national budget. Ever since the system has been in operation, satisfactory results have been reported.

THE BUDGET LAW OF 1937

Following the promulgation of the budget regulations in November, 1931, the Legislative Yuan proceeded to formulate a new Budget Law, much more comprehensive in scope and designed to replace the regulations at a later date. After prolonged discussion, the Legislative Yuan passed the text of the new law at its 197th session in August, 1932 and the measure was promulgated by the Government in September of the same year. No date was set for its coming into operation, however, its promulgation being intended primarily to invite criticism and academic discussion. Later, a new text of the Budget Law was drafted. This was promulgated by the National Government on April 27, 1937. A second mandate issued on the same day decreed that this revised Budget Law should come into operation on January 1, 1938.

According to the new Budget Law, the Directorate-General of Budgets, Accounts and Statistics is in charge of budget-making activities. This organization is to have ready before October 10 of each fiscal year the general draft budget of the Central Government for the ensuing fiscal year, which draft budget, together with the "budget message" (*i.e.*, general explanatory introduction to the budget) and related documents and explanatory statistical tables, is to be sent through the Executive Yuan to the Legislative Yuan for examination and determination on or before that date.

After due examination and decision by the Legislative Yuan, the entire budget bill for the ensuing year is to be promulgated by the Government before December 1 of each year. At the discretion of the Government, those parts of the budget which are confidential in nature, may be withheld from promulgation (Article 45). In case one or more sub-votes in a budget bill, under deliberation, fail to be passed, thus rendering it impossible for the entire budget to be decided upon within the time limit set, a provisional budget (*i.e.*, "vote of credit") shall be submitted to the National Government by the Legislative Yuan before December 5 of the same year (Article 46). Forthwith, the Executive Yuan shall make due revisions of such portions as have not been passed, which it shall forward, within one month after the promulgation of the provisional budget, to the Legislative Yuan for

further examination and decision and to complete the procedure of making the whole budget (Article 47).

TAXATION

Inasmuch as taxes constitute the major portion of a country's revenue in peace or war, China has accomplished the singularly extraordinary feat of revenue readjustment. As a result of many years of reform in her financial system since the establishment of the National Government in Nanking in 1928, China is now able to defray a great portion of her wartime expenditures through taxation revenues. To cope with rising prices, the Ministry of Finance has revised rates of nearly all important taxes. The improvement of the system of direct taxation is also producing gratifying results.

Increased customs duties will give China a yearly income of about \$250,000,000 with the highest rate imposed on luxuries and the lowest on industrial raw materials and daily necessities. New rates were adopted for the collection of the consolidated taxes. In September, 1941. The year 1941 saw the collection of over \$160,000,000 in consolidated taxes, an increase of more than \$90,000,000 over 1940. In addition to wheat flour, cotton yarn, rolled tobacco, wine, alcohol, cement and matches, new taxes are collected on furs, wool, oil, medicine, paper, timber, tin plates, glass, soap, porcelain and silk.

During the period between September and December, 1941, with the new rates, the salt revenues totalled over \$170,000,000, an increase of \$120,000,000 as compared with the same period in 1940. While the original amount of the salt tax was merely \$100,000,000 a year, it is expected that the new rate will increase the income by ten times.

The Central Government took over the collection of the land tax in July, 1941. It has since then been collected in kind. This change has had a delaying effect on note issue, for it reduces the amount of money in circulation.

DIRECT TAXES

Formerly playing little or no part in the nation's revenue, the income tax and the recently introduced excess profit tax and inheritance tax made up 27.37 per cent of the 1940 national budget. In 1941 revenue from direct taxes represented 27.39 per cent of the national revenue and was 27 times the total received in

the 25th fiscal year. Since the taking over of the business tax from the provincial governments in 1942, the revenue income has been further multiplied.

During the Eighth Plenary Session of the C.E.C. it was decided that the scope of direct taxation should be widened and that the levying of excess profit tax should be more strictly enforced. The Ninth Plenary Session of the C.E.C. decided that the existing direct tax rates should be increased, and that the tax should be levied on an extended range.

The first kind of direct tax to be collected was income tax, instituted in 1936. The scope was gradually enlarged to embrace five taxes at present, four of them wartime additions. They include taxes on profits, remunerations and interest yields. It is expected that a tax on the lease and sale of property will also be shortly introduced. Beside the income tax, the Direct Tax Department has been collecting excess profit income tax since January, 1939, and inheritance tax since July 1, 1940. The collection of excess profit tax alone

amounted to \$69,938,654.52 in 1941. The other two, stamp tax and business tax, were transferred to the Department on June 1, 1940 and January 1, 1942, respectively.

Taking the 25th fiscal year income tax collection as 100, the increase in direct tax revenue was 310 in 1937, 127 in 1938 (six months since China changed its fiscal year to January to December beginning in 1939), 450 in 1939, 1,289 in 1940, and 2,638 in 1941. Direct taxation in China's national income was only 4.16 per cent in the 26th fiscal year 1937. It represented 3.89 per cent in 1938, and was increased to 20.01 in 1939, 27.37 in 1940, 27.39 in 1941 and 17.23 in 1942. Collection expenses in relation to the amount collected fluctuated around five per cent. The amount was 7.13 per cent in 1936, 5.23 in 1937, 6.74 in 1938, 4.09 in 1939, 3.38 in 1940, 2.96 in 1941 and 4.13 in 1942. The percentage of expenses over collection tended to be further decreased with the increase of revenue in 1942. The following table shows the position of direct taxes in China's total national revenue receipts between 1937 and 1942:—

Year	I.	%	II.	%	III.	%	IV.	%	V.	%
1937	Customs Tax	53.04	Salt Tax	31.25	Consolidated Mining, Tobacco & Wine Taxes	10.36	Direct Tax	4.16	...	...
1938	Customs Tax	60.56	Salt Tax	22.52	Consolidated Mining, Tobacco & Wine Taxes	11.99	Direct Tax	3.89	...	...
1939	Salt Tax	31.30	Consolidated Mining, Tobacco & Wine Taxes	25.46	Customs Tax	20.48	Direct Tax	20.01	...	...
1940	Salt Tax	29.19	Direct Tax	27.37	Consolidated Mining, Tobacco & Wine Taxes	26.68	Customs Tax	13.46	...	...
1941	Salt Tax	43.04	Consolidated Mining, Tobacco & Wine Taxes	28.27	Direct Tax	27.39	Customs Tax	2.41	...	...
1942	Land Tax	61.26	Direct Tax	17.23	Customs Tax	10.60	Consolidated Mining, Tobacco & Wine Taxes	5.55	Wartime Consumption Tax	4.96

NOTE:—(1) Consolidated taxes were put on an *ad valorem* basis, beginning from 1941. The *ad valorem* rates of salt tax were raised in 1941, hence an increased receipt in revenue was registered for that year. The direct tax rates have not undergone any change in these years.

(2) The figures for 1942 represent only estimates.

(3) Land tax is represented by collection in kind from 1942. Salt tax became a national monopoly from 1942.

The collection of the business tax which was transferred to the Direct Tax Department from the provincial collection offices in accordance with a decision of the Eighth Plenary Session of the C.E.C. is being carried out smoothly. Formerly, the tax netted the provincial governments \$166,000,000 annually. Receipts for 1942 were estimated at \$400,000,000. Up to the first half of 1942, the expected amount had already been reached. The total returns for 1942 were expected to exceed the original goal by \$80,000,000 to \$100,000,000. Thirty per cent of the net returns of the business tax is appropriated to *hsien* and municipal governments as a form of subsidy from the Central Government.

Direct tax collectors are all qualified college or senior middle school graduates selected through competitive examinations. After passing these examinations, they are given special training for their work. The Department had 3,777 specially trained direct tax collectors in 1942. Of them, 1,093 were college graduates who had majored in economics, public finance, business or accounting, while 1,684 were senior middle school graduates.

To ensure better collection, direct taxes are paid into the National Treasury and its branches or agents by taxpayers themselves. There are altogether 1,686 offices in Free China receiving tax money for the Department. They include 636 branches of the National Treasury, 177 authorized banks, and 871 authorized post offices. After taking over the different provincial business tax bureaus, the Direct Tax Department has now 16 provincial offices, 208 branch offices, and 609 sub-stations over Free China, totalling 833. The amount of business tax collected in the first five months of 1942 has surpassed that of the total figure reported by the different provinces in 1941.

The annual estimate for direct taxes has greatly increased in the last few years. The actual receipts have also shown corresponding gains. Revenue from income tax, excess profit tax, stamp tax and inheritance tax was estimated at \$135,000,000 in 1941, while actually \$171,157,708.12 was collected. The estimate for 1942 totalled \$470,000,000, which, with an addition of \$400,000,000 for the business tax, made a grand total of \$870,000,000. Actually \$1,021,499,006.90 was collected in 1942 from both sources.

COLLECTION OF LAND TAX IN KIND

In accordance with resolutions of the Eighth Plenary Session of the Central Executive Committee, the Central Government, beginning from July, 1941, took over the land tax from the provincial Government and also instituted the collection of the land tax in kind. Since its enforcement, satisfactory results have been reported. By the end of 1941, 22 provincial land tax administrations were established. Under them were 1,243 *hsien* administrations which operated chains of collecting offices numbering some 6,910 in busy months and 6,482 in tardy months. In addition to collecting the land tax in kind, compulsory purchases of grain were also made by the Government. Food collected and purchased by the Government is used to supply the army and civil servants. Any surplus is sold to the public at regulated prices.

Twenty-one provinces enforced the new program in 1941, while Shantung and Chinghai, where special conditions prevailed, were classed as experimental areas. In November, 1942, the Central Government reported that 24,489,956 *shih* piculs of unhusked rice were collected in lieu of the land tax for 1941. The total exceeded the original goal of 22,938,496 *shih* piculs by seven per cent. The Government also purchased 4,365,829 *shih* piculs of rice, 13,469,278 *shih* piculs of unhusked rice and 4,746,058 bags of wheat from these provinces in 1941.

The collection and purchase for 1942 were started in September, 1942, to be completed in the early fall of 1943. The 1942 total was originally set at 80,000,000 *shih* piculs. Due to famines in provinces like Honan and Hupeh and the extension of the war areas, the quota was reduced to 68,000,000 *shih* piculs, 34,500,000 *shih* piculs of which represented collections and 33,500,000 purchases. These figures were reported by Dr. H. H. Kung, to the People's Political Council late in October, 1942. A later report issued by the Land Tax Commission of the Ministry of Finance revealed that the total was reduced to 66,555,748 *shih* piculs, including 34,374,074 *shih* piculs from collections and 32,181,674 *shih* piculs from purchases. The quotas for, and ratios of, collections in kind and food purchases for different provinces vary according to local conditions. In areas where no or little rice is grown, the land tax in kind is collected in other

foodstuffs, such as wheat, kaoliang and barley. The Central Government decided to collect the land tax in Shensi province in cotton, which is abundant there. For the purchases of foodstuffs, the Government pays 70 per cent of the price in food treasury notes and 30 per cent in cash.

In 1941, the administrative functions for the collection of the land tax in kind and for compulsory purchases were separated and the latter was entrusted to the Ministry of Food. Beginning from 1942, the administration was centralized in the Land Tax Commission in accordance with a resolution of the Ninth Plenary Session of the C.E.C. Under the new

scheme, the Commission handles the collection and purchase, while the Ministry of Food handles the storage and distribution of the foodstuffs so collected and purchased by the Government. In July, 1942, the Ministry of Finance called a special conference of responsible local officials who were instructed to make tours to further the program in the provinces. In addition to measures strengthening the *hsien* collecting offices, the meeting decided to publicize the movement in rural communities and to train personnel for such work. Representatives were also sent by the Ministries of Finance and Food to the provinces to supervise and advise on matters relating to food control.

TAXES UNDER THE INTERNAL REVENUE ADMINISTRATION, OCTOBER, 1942

Categories	Names of Articles	Rates	Means of Collection	Centers of Collection
Mineral Products Tax	Coal, Iron, Petrol and Other Products ...	5% 10%	Collected at Places of Production if Amount is Big. Otherwise Collected at First Tax Office or on Monthly Production Average	Szechwan, Yunnan, Hunan and Kiangsi
	Rolled Tobacco ...	80%	Collected at Places of Manufacture	Sian, Chungking
	Flue-Cured Tobacco Leaves ...	25%	Collected at Places of Production	Honan, Szechwan
	Foreign-Style Wine and Beer ...	60%	Collected at Factories	
	Aerated Water ...	20%	Collected by Resident Representatives	Szechwan, Kwangtung, Hunan, Shensi
	Alcohol (ordinary) ... ,, (refined) ... ,, (for liquid fuel)	20% 10% 5%	Collected at Distilleries	
	Matches ...	20%	Collected by Resident Representatives	Szechwan, Yunnan, Kiangsi
	Sugar ...	15%	Collected at Refineries	Szechwan, Kwangtung, Kiangsi, Fukien, Kiangsi
	Cement ...	15%	Collected at Factories	Szechwan, Hunan
	Cotton Yarn ...	3.5%	Collected at Mills	Various Ports of Entry and Chungking
	Flour ...	2.5%	Collected at Mills	Shensi, Szechwan, Hunan
	Tobacco Leaf ...	30%	Collected at Places of Production	Rukien, Kwangtung, Kansu
	Tobacco ...	15%	Collected at Places of Production	Fukien
Tobacco and Wine Taxes	Wine (Fixed rate) ... ,, (Increased rate) ...	50% 20%	Collected at Places of Production	Chekiang, Kiangsi

In the preceding list, by far the largest number of taxes come under the classification of consolidated taxes under the Internal Revenue Administration of the Ministry of Finance. These are administered on the principle that a commodity may be subject to one tax only, collected only once, preferably at the place of production and be subsequently free from further levies elsewhere. Unlike the customs and salt revenues, the consolidated taxes have a comparatively short history. The system came into operation in January, 1928, when the rolled tobacco (cigars and cigarettes) consolidated tax was first instituted. As other classes of consolidated taxes were added to the list, their volume of revenue increased from year to year to rival in importance both the customs and salt revenues. Thus the budget estimate of collections from the consolidated taxes for the 26th fiscal year (1937-38) reached \$176,000,000, while in 1928, the actual collection of the rolled tobacco tax, the only consolidated tax then existent, totalled only a little over \$2,000,000.

Naturally the present war has had a serious effect on the collection of the consolidated taxes. With the destruction of most of the cigarette and cigar factories and cotton mills situated in war areas, the amount of consolidated tax collected has decreased considerably. Stations have been established at various places to effect the collection of consolidated taxes, particularly on commodities coming in from the war areas. At the same time provisions are made to exempt merchants from paying taxes on certain export goods in order to encourage export trade. Formerly most of the consolidated tax rates were fixed in terms of the quantity of the goods. These were shifted to an *ad valorem* basis in September, 1941, on account of the price situation. The rates of the consolidated taxes on rolled tobacco, cotton yarn, matches, cement, flour and alcohol were increased on different occasions. Increases in the rates on sugar and flue-cured tobacco were left to the discretion of the provincial authorities. With the revision of the consolidated tax rates, all regional levies of a duplicate nature have been abolished.

According to a set of provisional measures adopted at the Executive Yuan meeting on June 30, 1942, consolidated taxes on cotton yarn and flour were to be collected in kind by resident representatives of the Internal

Revenue Administration from cotton or flour mills. The consolidated tax collection office is charged with collecting the tax in kind on such goods imported from abroad or shipped in from the occupied areas. The goods thus collected are handed over to the Ministry's price stabilization organizations for distribution. Proceeds derived from the sale of goods thus collected are considered taxation income.

With the promulgation of the Mining Law in 1930, mining taxes were divided into those on mining concessions and those on mining products. The latter tax, as provided in Article II of the Law, should be collected by the Ministry of Finance. With the exception of gold, the taxation of which has been temporarily suspended, 32 minerals and mining products are being taxed. They are divided into: Class A, coal; Class B, iron; Class C, other metals, and Class D, other non-metals. The method of collection is similar to the consolidated tax system. In larger production centers, the taxes are collected by resident representatives of the Administration. In smaller mines, the products are taxed according to the average production monthly or according to actual quantities checked at the first consolidated tax office.

MONOPOLY OF DAILY NECESSITIES

The monopoly of important daily articles was decided at the Eighth Plenary Session of the C.E.C. in order to "readjust the demand and supply of consumers' goods and to regulate their prices." The goods selected for this monopoly scheme are salt, sugar, tobacco, wine, matches and tea. A committee for the planning of the national monopoly enterprises was then immediately established under the Ministry of Finance. With the exception of wine and tea, the monopoly of which has been postponed, sugar, tobacco and matches were nationalized under the direction of the new Department of Monopoly Enterprises in 1942. The salt monopoly, which was inaugurated on January 1, 1942, is administered by the Directorate-General of the Salt Administration. Three regional bureaus for sugar monopoly were set up for Szechwan-Sikang, Kwangtung-Kwangsi and Fukien-Kiangsi areas. A monopoly bureau and a monopoly corporation were formed for the nationalization of tobacco and matches, respectively. The following table shows the dates and areas for the enforcement of monopoly on salt, sugar, tobacco and matches:

Commodity	Date	Area
Salt	January 1, 1942	Nationwide
Sugar	February 15, 1942 August 16, 1942 September 1, 1942	Szechwan, Sikang, Kweichow Kwangtung, Kwangsi Fukien, Kiangsi
Tobacco	July 1, 1942	Szechwan, Sikang, W. Hupeh
Matches	May 1, 1942 September 15, 1942 October 1, 1942	Szechwan, Sikang, Kweichow Yunnan Fukien

The institution of monopoly enterprises in China aims at both increasing the nation's revenue and at stabilizing the prices of important daily necessities. The cost of production together with a legal profit quota (maximum of 20 per cent for matches, tobacco and sugar in Szechwan-Sikang area and 15 per cent for sugar in Kwangtung-Kwangsi area), form the basis for the "buying rates" of the monopolized articles. The "buying rates," again, plus a government "premium on monopoly" (50 per cent on tobacco excluding consolidated taxes, 30 per cent on sugar including 15 per cent for consolidated taxes, and approximately 20 per cent on matches excluding consolidated taxes), constitute the market wholesale prices. The legitimate profit of the wholesale merchants, transportation and other charges, are quoted in addition to the wholesale prices, when the goods are sold to retail dealers. In all cases, the Government standardizes the prices and guarantees a legitimate profit for those engaged in the trade. Special attention is given to improve the quality and increase the production of monopolized goods.

For the time being the Government does not actually buy the stock of monopolized goods because of the large capital required for such an undertaking. The Government, however, may buy a portion of the monopolized goods under necessary circumstances. The only exception is salt, which is purchased, although on a partial basis only, by the Government.

The production and manufacture of monopolized goods are still in the hands of private owners. The Government

only supervises their activities so that better raw materials may be used and new methods employed in their production. With the institution of salt monopoly on January 1, 1942, all previous practices both of private regional monopolies and free dealers have been declared null and void. The salt monopoly is operated on the basis of (1) production by the people, (2) purchase and transportation by the Government, and (3) distribution and sale by commercial firms. The 1942 quota of production was 24,000,000 piculs for the provinces of Szechwan, Yunnan, Kansu, Shensi, Kwangtung, Chekiang and Fukien. Attention has been devoted to the improvement of the production method and of the quality of salt. In Szechuan and Sikang provinces, refined salt is being produced. Whenever possible, labour-saving devices have been employed in salt-making. To reduce the presence of goitre among some people in Yunnan, iodine is added to table salt in that province.

Government purchase of all the salt produced has not been possible. Up to the present, only Kansu, Shensi, Yunnan, Fukien, and Chekiang provinces have started the new system. In Szechuan and Kwangtung, the system is only partially realized. Meanwhile, the Government is strengthening its control in transportation and, in certain cases, has entered into partnership with private business for salt shipment. In others, private dealers play the role of freight agents for the Government. These steps are deemed expedient since it requires much less capital on the part of the Government

to achieve its purpose. China's salt production in 1941 was 19,200,000 piculs. The Government has shipped from war areas 30,000 piculs of salt to the rear since the war started.

On the basis of the present cost of production and transportation, it is estimated that \$2,600,000,000 is needed to purchase the entire amount of salt in interior provinces. The capital available for this work is only \$880,000,000. To make up the deficit, the Directorate-General of Salt Administration of the Ministry of Finance is making maximum use of private capital. At the same time, to relieve the big demand for ready cash, papers from salt producers with salt as security may be mortgaged or discounted at commercial banks, with payments guaranteed by the Salt Administration.

There are 24 branches, 67 business offices and two transportation offices under the Sugar Monopoly Bureau for Szechuan-Sikang. Its main task in the fall of 1942 was to regulate and fix the prices of different grades of sugar at different places. The monopoly bureau for Kwangtung-Kwangsi is located at Kweilin, with an associate office at Kukong for Kwangtung province. Under the bureau are 10 branches and 40 sub-branches. The bureau in Fukien-Kiangsi was being formed at the end of 1942. Organizations for match and tobacco monopolies were also completed by the end of 1942.

In the national budget for 1942, Government profit from the institution of monopolies was listed at \$1,160,000,000 from salt, \$121,500,000 from sugar, \$82,280,000 from matches and \$200,000,000 from tobacco. According to reports available in October, 1942, salt monopoly between January 1 and the end of August, 1942, netted the Government \$711,650,000, a nine times' increase over corresponding periods in the past. The expected annual amount of salt revenue is \$1,000,000,000. Sugar monopoly in Szechuan-Sikang between February 15 and the end of July, 1942, netted \$53,920,000 for the Government. For the two months between May 1 and the end of June, 1942, the Government received a profit of \$1,090,000 from the match monopoly. It was estimated the Government monopoly profit on tobacco for 1942 would reach \$120,000,000.

CUSTOMS REVENUE

In 1927, the Customs Administration was established in the Ministry of Finance

for the supervision of the work entrusted to the Inspectorate-General of Customs. The Inspectorate-General of Customs, operating directly under the Customs Administration, was moved from Shanghai to Chungking after the outbreak of the Pacific War.

Chinese maritime customs stations numbered 36 before the war broke out. Following the Japanese seizure of most of the stations in the occupied areas, the Ministry of Finance established various commodity inspection offices near war areas and at transportation centers in order to control exports and imports. Some of these offices, reorganized into customs stations in January, 1942, are located at Shangjiao, Kukong, Loyang, Sian and Lanchow.

The Chinese maritime customs was originally divided into import, export and interport tariffs. On account of treaty restrictions, until 1929 all imports were taxed on a flat 5% *ad valorem* basis. The returns were consequently small. With the attainment of tariff autonomy in 1929, the uniform 5% *ad valorem* was abolished. In its stead was inaugurated a new set of tariff rates divided into seven categories ranging from 7.5% to 27.5%. The import tariffs were revised in 1930 and twelve different rates ranging from 5% to 50% were instituted. Three subsequent revisions were made. In addition to changing the tariff unit from Haikwan taels into Customs Gold Units, the maximum rate for imported goods reached 80% *ad valorem*. The revisions were made to accommodate the changing conditions of international trade and domestic production. Following the enforcement of the new rates, the revenue returns showed marked increases. The new rates also resulted in a selective control over the goods imported. Foodstuffs have given way to machinery, iron and steel. In addition to import duties, a revenue surtax and a flood relief surtax of 5% each have been instituted as a measure to replenish customs revenue.

Formerly, export duties were subject to the same restrictions as import duties on a uniform 5% *ad valorem* basis. The restoration of tariff autonomy has not witnessed any change in the *ad valorem* rates inasmuch as the 5% flat rate plus 2.5% surtax was continued for some time afterwards. Export duties on the basis of the quantity of the goods had to be modified, because before the tariff autonomy was restored actually only

3% was collected. The loss to the customs revenue, hence, was considerable. When the tariff was again revised in May, 1931, *ad valorem* rates remained at 7.5%, while rates based on the quantity of goods were increased to 5%. Another revision was made in 1934, when lists of duty-free and duty-reduced goods were announced. All native goods bearing upon the promotion of China's export trade paid little or no tariff. The 5% revenue surtax and flood relief surtax were, however, collected together with the export duties.

The export tariff on native goods in transit was changed into interport tariff in 1931 and the 5% rate was still applied in order to make it lower than the export tax. The interport tax and all regional levies on goods in transit were substituted by a wartime consumption tax in April, 1942. The latter is collected for once only on the dutiables, and is divided into four classes ranging from 5% on necessities to 25% on luxuries. The tax is limited to specified native goods not already listed in the consolidated taxes as well as imported luxuries on which are levied heavy duties. All duty-free or duty-reduced imported daily necessities are exempt from the wartime consumption tax. Similarly the raw materials and manufactures thereof which have to be transported between the factories or godowns in the suburbs and the city are free from duty. All goods which are vital to people's livelihood and are produced domestically such as rice, wheat, cereals, vegetables, firewood, and charcoal are also exempt from the tax. The tax is collected according to the same procedure as that of the customs taxes. In August, 1942, measures for the enforcement of the tax were revised. The new ruling provides that goods dutiable for less than \$20 are exempt from levy. The customs was instructed to work expeditiously in collecting the tax and for urgent business to keep office 24 hours a day. Native goods are taxed by the customs station nearest their production centers, while imported goods are taxed at their ports of entry, together with the import duties. The evaluation of home-made goods is based on the average wholesale price over the last three-month period at the nearest production centre. Imported articles are evaluated according to the import duty assessment. Of the 245 groups of taxable goods, 19 only are included in the new list. The number of taxable goods in

a province vary from four to fourteen according to productive conditions. In the four months between April 15 and August 15, 1942, revenue returns from the wartime consumption tax totalled more than \$200,000,000.

LOAN SERVICES

The total amount of payments on debt service made by the Chinese Government between July, 1937 and the end of 1941 amounted to N.C. \$1,210,378,912, C.G.U. 13,925,000, £9,602,959, U.S.\$31,717,746, Frs. 76,828 and 212,673 guilders. These amounts represent only portions of prewar national debts paid and do not include the amortization of capital and payments of interest on loans concluded since the war started.

Of the total, \$530,414,900 were paid in the first 21 months of the war between July, 1937 and March, 1939. Out of this amount, \$198,764,508 was paid out for foreign obligations and \$331,650,392 for domestic loans.

In September, 1938, in face of the Japanese detention of, and interference with the salt tax collected in the war zones, the Chinese Government was constrained to defer payment on principal then due on the Anglo-French Loan of 1908 and the Crisp Loan of 1912, both of which are secured on salt revenue. The interest payments on these and other salt-secured loans, however, were duly met.

With regard to the customs duties, the actual receipts, as a result of the hostilities, were insufficient to meet customs-secured obligations. Yet the Chinese Government still authorized the Inspector-General of Customs to overdraw at the Central Bank of China from time to time so as to meet payments during the 18-month period ending December 31, 1938.

The Chinese Government was finally forced to take reluctant action. From January 15, 1939, the Ministry of Finance declined to make further advances, and instructed the Inspector-General to open special accounts in the Central Bank of China. Varying sums are deposited from time to time for the future settlement of loans secured on the customs duties. These deposits are proportionate to the share of the customs revenue collected in areas not subject to Japanese interference.

The principal and interest payments on the Anglo-German Loan of 1898 which fell due on March 1, 1939, were met, however, as a special case. By January 15, 1939, the Ministry of Finance had already paid to the fiscal agents five-sixths of the necessary amount, and funds to meet the remainder were in the hands of the Inspector-General of Customs so that no further advance was required.

With regard to the two domestic loans, five-sixths of the principal and interest payments due on the 25th Year Consolidated Loan for the six months ending January 31, 1939, were ready at the end of 1938. The deficiency was met from the surplus which had been previously accumulated by the National Loans Sinking Fund Administration, and so both these loans were paid.

In relation to salt-secured loans the Government took action similar to that of January 15 concerning customs loans. As a special case, however, the interest due April 5, 1939, on the Anglo-French Loan of 1908 was paid because the fiscal agents had on hand funds sufficient to cover the payment of this coupon. As to other salt loan payments, funds to cover a share of the service are being set aside as special accounts in the Central Bank of China.

Regarding China's loan situation, Dr. H. H. Kung stated on the occasion of the fifth war anniversary, in part: "China's scrupulous anxiety to honor her obligations continued even in wartime. Despite the seizure by the enemy of pledged revenues, without any provision for applying them to debt service, China maintained her foreign currency debt payments right up to 1939. Payments were temporarily suspended only with the greatest reluctance when the situation became patently anomalous and the remaining foreign currency funds had to be conserved for war purposes and for currency reserves."

"The granting of the American wood oil credit of U.S.\$25,000,000 in December, 1938, was a major event whereby a friendly country manifested its realization of the importance of China's cause against aggression. There were also the series of barter agreements with Soviet Russia, additional American credits for purchases secured by exports of minerals, the British stabilization credit of 1939 and British export guarantee credits, the Sino-American-British stabilization credits of 1941, culminating

in the American lend-lease arrangement and the large American and British financial assistance agreements recently concluded. While China has relied above all on her own financial efforts, the extension of external aid greatly assists her in financing war needs and maintaining economic stability."

Between 1935 and 1941 numerous credit loans were granted to China by foreign nations, principally by the U.S.A. and Great Britain. The loans were to be invested in materials and products to be used in promoting means of transportation in China. Prior to the hostilities, China's national debt was, roughly, equivalent to \$4,500,000,000, 60 per cent of which was internal debt.

All the credit loans were transactions between two governments, unaccompanied by the flotation or issue of bonds. There was no schedule for repayment. In many cases refunds of those credits had to be effected in kind, in terms of commodities from China, such as wood oil, tin, tungsten, antimony. Considerable advances, mostly of war materials, were made by the U.S.S.R. in the course of 1939 and 1941 under barter arrangements. China furnished the U.S.S.R. with tea and other commodities.

In general, the six years under review saw great changes in the composition of China's loans, domestic as well as foreign. The two outstanding features are: (a) the sincere desire on the part of the Chinese Government to resume loan payments and interest in arrears on equitable terms, and (b) the flotation by force of circumstances of large new loans, all of which bear the stamp "war."

LOANS ISSUED DURING THE WAR

The first domestic loan floated by the Government after the outbreak of the war was \$500,000,000 in National Liberty Bonds. This loan is different from other loans as it bears a lower interest rate, i.e., 4 per cent annually, while the repayments of capital did not begin until 1941 and would extend over a period of thirty years. In spite of low interest and late maturity, subscriptions to this loan poured in from all sections of the nation as well as from overseas Chinese.

In May, 1938, another loan of \$500,000,000 was floated for the purpose of replenishing funds for national defence. This was called the 27th Year National Defence Loan. The loan was issued at par, bearing annual 6 per cent interest,

payable semi-annually on April 30 and October 31, and is secured on income tax collections.

Simultaneously with the issuance of the 27th Year National Defence Loan, the issuance of another loan, the 27th Year Gold Loan, in customs gold units, pounds sterling, and U.S. dollars was authorized. The amounts issued were C.G.U.100,000,000; £10,000,000 and US \$50,000,000.

For the relief of refugees, the 27th Year Relief Loan was authorized in July, 1938. Whereas the issue authorized was \$100,000,000, only the first instalment of \$30,000,000 was floated on July 1, 1938, the remainder to be issued when and as the Ministry of Finance sees fit. Interest of this loan is secured on the reserve fund for relief set aside in the national budget, while repayment of principal is to be made from the general revenue account of the Rational Treasury.

In 1939, the 28th Year Military Supplies Bonds amounting to \$600,000,000 were issued. Another loan, called the 28th Year Reconstruction Loan, was issued in 1939. The 29th Year Military Supplies Bonds, amounting to \$1,200,000,000, was floated in 1940, while an additional one of £10,000,000 and US \$50,000,000, was floated in 1940 for carrying out various reconstruction projects in interior China. The year 1941 saw the floating of two new loans, the 30th Year War Supplies Loan and the 30th Year Reconstruction Loan, each of \$1,200,000,000. For 1942, China issued the Allied Victory Bonds of \$1,000,000,000 and the Allied Victory Gold Bonds of US \$100,000,000, totalling NC \$2,700,000,000. In addition, China concluded a US \$500,000,000 financial aid arrangement with the United States in March, 1942. The purpose of the two former loans is to effect a balance in the national budget, to stabilize the price level, to strengthen the monetary system, and to absorb idle capital, while that of the latter loan is primarily to help stabilize China's wartime finance and economy. Part of this loan is being used as reserve for the Allied Victory Gold Bonds and gold dollar savings certificates.

In order to promote the sales of bonds among the people, the Ministry of Finance organized the Wartime Government Bonds Promotion Commission in March, 1941. By the end of April, 1942, a total of \$453,130,000 worth of bonds had been sold. The Commission

was reorganized into the Wartime Government Bonds Subscription Commission in May, 1942.

THE BOXER INDEMNITY

The original sum of the Boxer Indemnity payable by China aggregated Kaping taels 450,000,000, plus an annual interest of 4 per cent. This obligation was at the time converted into sterling at the rate of exchange of 3 shillings per tael, yielding £146,518,585.

The original sum due to United States was US \$53,348,000. In 1908 the United States authorized its President to modify the indemnity bond to US \$13,655,192 and to remit the balance in favor of China. This act of friendship induced China to use the funds thus obtained for the education of Chinese students in American colleges. Out of the returned Boxer funds the Tsing Hwa College, now the Tsinghua University, was erected in Peking (now Peiping) in 1911.

In May, 1924, the U.S. Senate decided to remit the balance of the American Boxer Indemnity share, amounting to US \$6,137,552, for the purpose of further developing cultural and educational activities in China.

Since then America has agreed to waive all further claims on China from this source. Though nominally instalments are still due to the creditor, they are administered by a board which devotes the entire proceeds toward educational purposes.

Russia obtained the largest share in the Boxer Indemnity, namely, £42,476,000, or 29% of the total amount. But in 1924 the U.S.S.R. relieved China from further obligations by relinquishing unconditionally all claims for further payments. China continued to use the funds under the old heading of "Russia Boxer Indemnity" as security for two internal loans which, at the opening of 1936, stood at \$132,360,000. But from February 1, 1936, onward China's domestic loans were consolidated into one group, and simultaneously all were henceforth secured by China's Customs revenue without further connection with the Boxer Indemnity. Thus Russia's portion ceased to exist in 1924 and disappeared definitely from all records on February 1, 1936.

Originally, France's share in the Boxer Indemnity was Frs. 580,000,000, which then represented the equivalent of

£23,023,000. Instalment payments were regularly made, apart from the five-year period during the First World War, when they were postponed by mutual agreement. In 1925 the French Boxer Indemnity ceased to exist as such, since the total amount then outstanding was used to satisfy the claims of the Far Eastern creditors of the Banque Industrielle de Chine. A separate loan was floated in 1935 for this specific purpose for the sum of US \$43,893,500.

Britain's claim originally amounted to £16,537,000. A five-year postponement was granted to China during the First World War. In December, 1922, the following sums were due Great Britain under the style of "Boxer Indemnity:" Principal £6,935,319, interest £4,251,228, or altogether £11,186,547, payable by 1945.

By Parliamentary Act of June 30, 1925, it was resolved to remit the entire balance accumulated since December, 1922, as well as whatever was due until 1945, to China for cultural purposes. An Advisory Committee of eleven members was formed, of whom at least two were to be of Chinese nationality. It was proposed to devote 30% of available funds to agricultural education, 23% to scientific research, 17% to medicine and public health, and 30% to other educational purposes. Proposals for the creation of an endowment fund, the proceeds of which to be used for the building of railways in China, were perfected and considered.

In December, 1931, the Indemnity Bill was read in the British Parliament, repealing the China Indemnity Act of 1925 and replacing it by a law, providing for the reservation of one-half of all sums received from the Boxer Indemnity for a newly created Purchasing Commission in London, while the other half was to be devoted to educational purposes as recommended by the advisory board. The Purchasing Commission was to buy and ship to China such machinery and railway materials as are required by the Chinese Government for reconstruction purposes.

Two sterling loans are secured on the British portion of the Boxer Indemnity. The Chinese Government 23rd Year (1934) 6% Indemnity Loan for £1,500,000 was floated by the Central Bank of China, the Bank of China and the Hongkong & Shanghai Banking Corporation for the final completion of the Canton-Hankow Railway. A loan to

the Hwai River Commission called the Sassoon Loan of January, 1937, for £238,000 at 6½ per cent interest, was paid over in four instalments in 1935.

Holland's original share in the Boxer Fund was Guilders 3,066,000 or £225,000. In 1934 the Netherlands authorities followed in the footsteps of other nations by remitting the balance of the then outstanding amounts to be used for conservancy work. Final payment of annual instalments of Guilders 110,344 was originally due in 1940, but owing to the current warfare in China the servicing of this item, as with all the other countries, ceased after the end of 1938. Holland also has abandoned all claims on the Boxer Indemnity.

In 1928 the unused portion of the Belgian Boxer Indemnity ceased to exist. It was converted into a special loan of US \$5,000,000. Proceeds were used entirely for the benefit of China, namely, 40% for the extension and repairs of the Lunhai railway, 35% for the construction of other railroads in China and the remaining 25% for educational and charitable purposes within this country. The bulk of the loan was already paid off when the servicing of all Customs loans ceased. A balance of approximately US \$1,000,000 was still outstanding when the foreign loan service was suspended. The original amount due to Belgium was Frs. 69,447,000, or £2,759,000.

The initial sum due to Italy by the Boxer Fund was Frs. 218,868,000, equal then to £8,659,000, later converted into U.S. currency. In 1933, it was arranged with Italy for the remittance of the still outstanding balance of the Italian share of the Boxer Indemnity, then amounting to about US \$20,000,000. Italy agreed under certain conditions to be a creditor of China. China raised a loan of \$44,000,000 from Chinese banks, giving them as security bonds based on the remitted balance of the Italian Boxer Indemnity.

The initial claim of Japan aggregated Yen 106,854,000, equal to £10,899,000. During the First World War, Japan, then one of the allies, agreed to a five-year postponement of payment by China. At the close of 1922 negotiations began between the two countries to try to find a mutual, suitable basis for the disposal of the outstanding balance. Negotiations continued for some years, but no definite agreement was reached. China continued

to remit what was due to Japan in sterling to London, payable to the Yokohama Specie Bank. Japan converted the proceeds into yen, invested the funds and used some of the interest for educational activities in China. A biological research institute was maintained in Shanghai, an Institute of Literature was established in Peiping and schools were opened in other parts of China. The committee administering the Japanese Boxer Fund, in contradistinction to all the other committees of a similar purpose, is composed of Japanese only. In 1938 the Chinese Government ceased paying monthly instalments due to Japan.

Germany was the second largest recipient of the Boxer Fund, her share being originally MKs. 600,271,000, or £29,442,000. When China joined the allies in 1917, she still owed Germany £22,920,000. This sum was cancelled when China and Germany signed the peace treaty. China used the balance of Germany's share in the Boxer Indemnity as security for domestic loans.

Originally, Austria claimed Kronen 31,418,000, equal to £1,313,000. In 1917, when China declared war, on the Central Powers, the sum still due to Austria stood at £1,022,000. The amount was cancelled when the war ended. The unused portion was employed by China as security for domestic loans.

There were some smaller claims, notably Portugal with £30,203, Sweden £20,568 and other international amounts for less than £50,000. The bulk of these has been liquidated.

FINANCIAL ADMINISTRATION

There was no fundamental change in China's financial administration in the first four years of the war. During that period, personnel for financial administration was reduced and a number of subsidiary organs and offices were abolished as a result of retrenchment measures. Beginning from the latter part of 1941, a number of additions were made in the Ministry of Finance. The organic law of the Ministry was revised for the second time in August, 1942. The new revised law was passed from the Executive Yuan to the Legislative Yuan in August, 1942, but has not been promulgated yet. Among the new organizations created were the Commission for the Control of Foreign Assets, established in September, 1941, the Government Bonds Subscription Commission, established in

May, 1942 and the Land Tax Readjustment Commission established in August, 1941, which was reorganized into the Land Tax Commission in May, 1942. The Levies and Taxation Department was merged into the Local Finance Department in July, 1942, while the Smuggling Prevention Bureau was enlarged to become the Smuggling Prevention Administration in August, 1942. The Department of Monopoly Enterprises was created in July, 1942. Other possible changes include the reorganization of the Direct Tax Department into the Direct Tax Administration, the Internal Revenue Administration into the National Revenue Administration, and the reorganization of the Currency Department into the Currency Administration.

LOCAL FINANCE

Up to recent times, local finance in China had within its purview the province only, leaving out almost entirely the *hsien*. During the Second Financial Conference convened in May, 1934, in Nanking, emphasis was placed, however, on *hsien* finance and this immediately had the salutary effect of calling public attention to this subject. The Conference recommended that the *hsien* must complete the compilation of its budget for a particular year and submit it to its provincial government and thence to the Ministry of Finance for perusal and approval prior to the opening of the fiscal year. The *hsien* was also prohibited from collecting any taxes, dues or levies other than those specified in the budget. By instituting the local budgetary system, it was made possible to supervise more effectively the general administration of financial affairs in the *hsien* and the execution of such important measures as readjustment of illegal imposts, amalgamation of collectorates and unification of the local treasury system.

Although *hsien* budgeting has made considerable progress in the last few years, there is still much to be done to ensure full development. The introduction of the new *hsien* autonomy system, which calls for bigger expenditures to finance its projects, presents the opportunity for such development. In accordance with the resolutions of the Eighth Plenary Session of the C.E.C. and at the recommendation of the Third National Financial Conference, the Government gave a year starting from July, 1942, to readjust local finance in such a thorough way as to help make

the *hsien* financially self-sufficient through a rational distribution of expenses, development of sources of revenue and reform in financial administration. The program aims at establishing a local revenue system, liquidating public properties and funds, instituting budgetary measures and developing reconstruction projects in villages and small towns. Provisions for reconstruction projects were promulgated in May, 1942. Other provisions include the collection of house and butchery taxes by local governments. By October, 1942, house tax had been collected by *hsien* governments in fourteen provinces and butchery tax in sixteen provinces. The Ministry of Finance also ordered *hsien* governments to levy taxes on business licences, special operation licences, feasts and amusements. Toward the end of 1942, business licence tax was being collected in sixteen provinces, special operations licence tax in twelve, and feast and amusement taxes in ten provinces. The Ministry ordered provincial departments of finance to send out circuit representatives to help plan, advise and supervise on matters relating to the administration of local finance. The Central Government appropriated to *hsien* and municipal governments portions of the land tax, business tax, revenue stamps and inheritance tax totalling more than \$290,000,000 for the 31st fiscal year. In addition, the National Treasury gave more than \$350,000,000 to local governments in the form of subsidies. As a result of these measures, *hsien* and municipal government budgets registered phenomenal increases in the last few years and the foundation of local finance in China has been laid on a solid basis.

The centralization of national and local finances has been accompanied by a systematization of all the revenue offices in the nation. Taxation bureaus have been established in *hsien* and municipalities for the collection of national and local taxes. These bureaus took the place of all previous provincial and *hsien* taxation agencies and are directly under the supervision of the Central Government. This step preludes the centralization of revenue-collecting organizations of *hsien* and municipalities as individual units.

In October, 1941, the Ministry of Finance established the Provincial Loans Readjustment Commission to study the conditions of provincial indebtedness

and to plan for its readjustment. In accordance with a resolution of the Eighth Plenary Session of the Central Executive Committee, beginning from 1942 the issuance of bonds by provincial governments was to stop. The ban also applies to those bonds for 1942, the issuance of which had been approved by the Central Government. All unsold bonds up to the end of 1941 were turned over to the local agencies of the National Treasury for safekeeping. The provincial departments of finance were instructed to pay in full the amounts of capital and interest due before the end of 1941. Amortization of capital and payment of interest beginning from January, 1942, are to be met by the National Treasury. The Ministry also sent representatives to the provinces to investigate the bond-issuing situation. Later, representatives were sent to take over the provincial bond administration. According to the latest reports, provincial bonds in Fukien, Kiangsi, Shensi and Chekiang provinces have been taken over by the Central Government. In Hunan and Kansu provinces, the work is in the process of being carried out.

Because of the more complicated nature of the bonds in Szechuan (these being administered jointly by the provincial department of finance and respective committees for the custody of sinking funds), different periods were set for the Central Government to take over different batches of bonds in that province. After the Central Government has taken over all the provincial bonds outstanding at the beginning of 1942, a plan based on the nature of the various bonds will be worked out for effecting their readjustment.

CHINA'S FUTURE FINANCIAL FOUNDATION

"China's future financial foundation is laid on solid rocks," wrote Dr. H. H. Kung, in the *Economic Bulletin* of the Central Bank of China of which he is governor. "Although the greatest danger to China's finance seems to be in the inflation of her currency," continued Dr. Kung, "the Government efforts of control have been both relentless and effective. The system of China's legal tender, although it has only a brief history, has not only withstood the sinister economic designs of the Japanese, but has actually shown increasing strength year by year."

Two reasons may be given for the soundness of China's currency condition,

according to Dr. Kung. The first is the adequate reserve behind the note-issue. Although the note-issue has increased during the war, its reserve has increased correspondingly. The Chinese Government adopted measures for Government purchase of gold and silver at official prices and established the Gold Mining Bureau to help increase gold production. All the precious metals thus obtained are used for currency reserve. The conclusion of the most recent Sino-American and Sino-British financial aid arrangements further helped to stabilize China's currency.

The second is the cautious policy governing the note-issue. Although war expenditures have drained heavily on China's treasury, the Government has been conservative regarding the issuance of bank notes. Due to the lack of money in circulation in the interior provinces and the need of capital for the development of resources, more money has been put into use. The Government lately raised the various tax collections to \$10,000,000,000 annually. Efforts are being made in the sales campaign of government bonds and thrift-savings certificates. The centralization of the right of note issue in the Central Bank of China as well as other steps is designed to exercise great care in issuing banknotes. Since the campaign for the sale of thrift-saving certificates was started in October, 1939, the total sales have exceeded \$2,000,000,000, while the grand goal is set at \$3,000,000,000.

Although China's wartime national expenditures have far exceeded her peacetime totals, the amounts are still far below those of other countries at war. The per capita burden of war cost of China is the lowest in the world. China's national indebtedness is also smaller than that of other nations!

The Government is striving to stress four principles: (1) enforcement of a strict retrenchment policy so that all financial resources may be pooled to war reconstruction needs to help achieve the final victory; (2) readjustment of all existing taxes dividing the war cost equitably among the various classes and the removing of all exorbitant levies so as to help develop the economy of the people; (3) promotion of thrift and savings so that all surplus money of the people may be mobilized for war effort; (4) improvement of the financial system in the war areas and strengthening the supervision of local financial administrations.

REVISED ORGANIC LAW OF THE MINISTRY OF FINANCE

(Promulgated by the National Government on March 26, 1940)

Article I. The Ministry of Finance shall govern the financial affairs of the entire country.

Article II. The Ministry of Finance shall direct and supervise the highest administrative authorities of various localities in the execution of all financial affairs.

Article III. In regard to orders issued and penalties imposed by the highest administrative authorities in various localities in the execution of all financial matters, the Ministry of Finance may, upon discovering their violation of law or usurpation of power, suspend or cancel them upon the decision of the Executive Yuan at a general meeting.

Article IV. The Ministry of Finance shall have the following Administrations, Departments and Bureaus:—

- (1) Maritime Customs Administration
- (2) Internal Revenue Administration
- (3) National Treasury Administration
- (4) General Affairs Department
- (5) Salt Revenue Department
- (6) Levies and Taxation Department
- (7) Loans Department
- (8) Currency Department
- (9) Direct Tax Department
- (10) Accounting Bureau

Article V. Acting upon the decision of the Executive Yuan and the Legislative Yuan, the Ministry of Finance may establish, cancel and combine the various Administrations, Departments, Bureaus, Commissions and other institutions.

Article VI. The Maritime Customs Administration shall have charge of the following:—

- (1) Supervision over the regulation of tariff policy and the formation and enforcement of the tariff schedule.
- (2) Supervision over the formulation, inspection, interpretation and enforcement of Customs laws and regulations.
- (3) Matters in relation to tariff schedule and international trade under the provisions of treaties and agreements between China and foreign countries.
- (4) Prevention of and taxation on the dumping of foreign goods in the Chinese market.
- (5) Examination of cases of the exemption, reduction or refunding of taxes on imports and exports.

(6) Establishment of customs stations, the enforcement of embargo and prohibition orders as well as the prevention against tax evasion.

(7) Auditing of Customs receipts and disbursements.

(8) Handling of tariff disputes and Customs petitions.

(9) Supervision over the appointment, dismissal, transfer and general efficiency of all the members of the Chinese Customs service.

(10) Supervision over the engineering and construction of buildings for subordinate offices of the Customs.

(11) Other affairs of the Maritime Customs Administration.

(The organic law of the Maritime Customs Administration shall be separately drafted.)

Article VII. The Internal Revenue Administration shall have charge of the following:—

- (1) Administration and collection of taxes on various kinds of commodities as well as the planning of reform measures thereon.
 - (2) Administration and collection of new taxes in addition to customs duties, salt tax, stamp tax, and direct taxes, as well as the planning of reform measures thereon.
 - (3) Research into and determination on various tax rates under the jurisdiction of the Internal Revenue Administration.
 - (4) Supervision over the formulation, inspection, interpretation and enforcement of laws and regulations concerning various taxes under the jurisdiction of the Administration.
 - (5) Handling of cases of exemption, reduction and refunding of taxes under the jurisdiction of the Administration.
 - (6) Inspection of stamps and certificates on taxable commodities as well as the restriction and prevention of tax evasion.
 - (7) Collection, remittance, checking and compilation of all receipts from various taxes under the jurisdiction of the Administration.
 - (8) Handling of tax rate disputes and taxation petition cases.
 - (9) Printing, custody, issue and inspection of all stamps and certificates for various taxes under the jurisdiction of the Administration.
 - (10) Appointment, dismissal, transfer and efficiency of all taxation workers under the jurisdiction of the Administration.
 - (11) Supervision over administrative matters on various taxes under the jurisdiction of the Administration.
 - (12) Other matters of Internal Revenue Administration.
- (The organic law of the Internal Revenue Administration shall be separately drafted.)
- Article VIII. The National Treasury Administration shall have charge of the following:—
- (1) Receipt, payment, custody and transfer of all Treasury notes and certificates.
 - (2) Inspection of receipts and payments of the National Treasury.
 - (3) Reports on receipts and payments of the National Treasury.
 - (4) Supervision over the administration of special Sinking Funds.
 - (5) Inspection of the receipt and disposal of special Sinking Funds.
 - (6) Estimate of national revenue and expenditure and the auditing of actual receipts and disbursements of the National Treasury.
 - (7) Management of state-owned properties.
 - (8) Inspection of receipts and payments of state-owned properties.
 - (9) Supervision and direction of banks acting as fiscal agents.
 - (10) Appointment, dismissal, transfer and efficiency of staff members in charge of receipts and disbursements of the National Treasury.
 - (11) Other matters of the National Treasury.
 - (12) Formulation, inspection and interpretation of the Public Treasury System.
 - (13) Supervision over the administration of the Public Treasury System in various grades of local government.
- (The organic law of the National Treasury Administration shall be separately drafted.)
- Article IX. The General Affairs Department shall have charge of the following:—
- (1) Receipts, despatch and safekeeping of official documents.
 - (2) Promulgation of orders and instructions of the Ministry.
 - (3) Custody of official seals.
 - (4) Record-keeping of the appointment and dismissal of staff members of the Ministry.
 - (5) Editing and publication of the official gazette of the Ministry.
 - (6) Cataloguing and circulation of books and periodicals.
 - (7) Registration and management of property and articles owned by the Ministry.

- (8) Receipt, payment and safekeeping of cash, bills and securities possessed by the Ministry.
- (9) Designing and printing of all papers and certificates used by the Ministry.
- (10) Sundry affairs and other matters not belonging to other administrations, departments and bureaus.

Article X. The Salt Revenue Department shall have charge of the following:—

- (1) Planning and reform of salt affairs.
- (2) Investigation for decision on the permission for saltmaking and the regulations for salt production.
- (3) Erection and management of warehouses and the inspection of other engineering projects.
- (4) Inspection of the testing and improving of the quality of salt.
- (5) Inspection of salt collected and distributed and prices charged thereon.
- (6) Inspection and interpretation of salt tax rates and salt tax regulations.
- (7) Inspection of certificates required of salt and nitre mines.
- (8) Inspection of cases of exemption and reduction of taxes on salt and its by-products.
- (9) Inspection of the receipts, and payments, of the salt tax.
- (10) Organization and investigation of salt police forces.
- (11) Planning and regulations for reclamation of and surveying in salt-producing areas.
- (12) Improvement in the production and sale of nitre mines and determination of a fair charge thereon.
- (13) Appointment, dismissal, transfer and efficiency of staff members in the Salt Administration.
- (14) Other matters of salt administration.

Article XI. The Levies and Taxation Department shall have charge of the following:—

- (1) Research, planning and preparation of taxes not under the direct control of the Maritime Customs Administration, Internal Revenue Administration, and Direct Taxation Bureau.
- (2) Supervision and inspection of public properties.
- (3) Determination of the demarcating, improving, and subsidizing of the revenues between the Central Government and various local governments.
- (4) Inspection and improvement of local taxation systems.

- (5) Investigation of the reduction and exemption of local taxes.
- (6) Supervision and inspection of the receipts and payments of local financial authorities.

Article XII. The Loans Department shall have charge of the following:—

- (1) Flotation, payment and readjustment of Central Government bonds.
- (2) Appropriation, management and utilization of the sinking funds of Central Government bonds.
- (3) Supervision over the formulation, inspection, interpretation and enforcement of laws and regulations governing various issues of Central Government bonds.
- (4) Formulation, supervision and custody of regulations governing Central Government bonds and agreements for long-time borrowing and lending.
- (5) Registration of the names and changes of names, of Central Government bond-holders.
- (6) Sealing, numbering and issuing of Central Government bonds and other loan certificates as well as the custody of unissued Government securities.
- (7) Cancellation of Central Government bonds and other loan certificates.
- (8) Registration, report and periodic announcement of Central Government bonds and other long-term loan certificates.
- (9) Supervision over the purchase and sale of Government bonds and Government shares in the market.
- (10) Supervision over the amortization of principal and payments of interest on Central Government bonds and other long-term loan certificates.
- (11) Registration of actual issue prices of Central Government bonds and the periodic registration of their buying and selling quotations.
- (12) Other matters related to Central Government bonds.
- (13) Inspection, supervision and investigation of local government bonds.

Article XIII. The Currency Department shall have charge of the following:—

- (1) Planning and regulation of monetary system as well as the testing and analysis of metallic currency.
- (2) Inspection of gold, silver and metallic currency imported into and exported from the country.
- (3) Supervision and direction of Government mint and government printing office.

- (4) Inspection and supervision of note issue as well as the inspection and announcement of currency reserves.
- (5) Supervision of and restrictions on commercial banks, savings banks and trust companies.
- (6) Supervision of and restrictions on stock exchanges, insurance companies, and other special financial institutions.
- (7) Regulation of credits within and outside the country.
- (8) Control of domestic and foreign exchange.
- (9) Statistical investigation of conditions and problems of currency and finance.
- (10) Supervision of and restrictions on various kinds of lotteries.
- (11) Other matters of currency.

Article XIV. The Direct Tax Department shall have charge of the following:—

- (1) Imposition and collection of the income tax, the inheritance tax and other direct taxes, as well as the stamp tax.
- (2) Research in, improvement on, and formulation of the various tax systems and tax rates under the jurisdiction of the Department.
- (3) Handling of cases of the reduction, exemption and refunding of taxes under the jurisdiction of the Department.
- (4) Calculation, accounting, auditing and reporting of all the tax receipts under the jurisdiction of the Department.
- (5) Formulation, examination and interpretation of laws and regulations governing the taxes under the jurisdiction of the Department as well as the handling of cases of tax payment disputes.
- (6) Appointment, dismissal, transfer and general efficiency of staff members of various tax administrations under the jurisdiction of the Department.
- (7) Other matters concerning direct taxes.

(The Organic Law of the Direct Tax Department shall be separately drafted.)

Article XV. The Accounting Bureau shall have charge of the following:—

- (1) General auditing of the revenues and expenditures of the Central Government.
- (2) Examination and formulation of the accounting systems used by the subordinate offices of the Ministry.
- (3) Planning and compilation of estimated and actual figures of the receipts and payments of the Ministry.
- (4) Collection, inspection and readjustment of the estimated and actual figures of receipts and payments of the subordinate offices of the Ministry.

- (5) Approval of the distribution of the budget among the subordinate offices of the Ministry.
- (6) Auditing and recording of actual expenditures of the subordinate offices of the Ministry.
- (7) Approval of the petition for receipt, appropriation and remittance of funds by subordinate offices of the Ministry.
- (8) Auditing of statements of receipts and payments submitted by subordinate offices of the Ministry.
- (9) Auditing and recording of the accounts as well as the compilation of accounting reports submitted by subordinate offices of the Ministry.
- (10) Inspection of all documents and papers of subordinate offices of the Ministry submitted on the occasion of succession of responsible officials.
- (11) Appointment, dismissal, transfer and efficiency of all accounting chiefs and clerks of subordinate offices of the Ministry.
- (12) Handling of all statistical work of subordinate offices of the Ministry. The statistical work mentioned in Section 12 shall be undertaken by the Statistical Division of the Accounting Bureau.

Article XVI. The Minister of Finance shall have full power in the administration of all affairs of the Ministry and the supervision of all subordinate offices and officials.

Article XVII. The Political Vice-Minister and the Administrative Vice-Minister shall assist the Minister in administering the affairs of the Ministry.

Article XVIII. The Ministry of Finance shall have from 6 to 8 Counsellors whose duty is to draft and study the laws and ordinances to be issued or promulgated by the Ministry of Finance.

Article XIX. The Ministry of Finance shall have from 12 to 16 Secretaries to keep the records of general meetings of the Ministry, compile various reports and handle all other affairs assigned by their superior officials.

Article XX. Besides the appointment of the Chief Accountant under separate regulations, the Ministry of Finance shall have 3 Directors-General, 1 Assistant Director-General, 5 Directors and 1 Superintendent in charge of the affairs of the respective administrations, departments and bureaus.

Article XXI. Besides the appointment of officials of various Administrations and Bureaus under separate regulations, the Ministry of Finance shall have from 18 to 20 Division Chiefs, from 180 to 220 clerks, from 50 to 70 clerical assistants, from 2 to 4 Chief Technicians, from

6 to 8 technicians and from 10 to 12 technical assistants in charge of various affairs under the direction of their superior officials.

Article XXII. The Ministry of Finance shall have from 6 to 8 compilers to handle the compilation and translation of papers and documents on currency and finance under the direction of their superior officials.

Article XXIII. The Ministry of Finance shall have from 6 to 10 Inspectors to inspect the achievements of various subordinate offices in the field of taxation, the suppression of smuggling and other activities. They shall be sent to various provinces, municipalities and cities to investigate the financial conditions of the localities as well as the faithful handling of all affairs assigned by the Ministry.

Article XXIV. The Minister of Finance shall be appointed by a mandate of the National Government, with the "Special Appointment" rank. The Vice-Ministers, the Counsellors, the Directors-General, the Assistant Director-General, the Directors, the Superintendent and 4 Secretaries shall be appointed by the National Government, with the "Selected Appointment" rank.

All other Secretaries, Division Chiefs, Chief Technicians, Compilers, Inspectors and 4 Technicians shall be appointed upon the recommendation of the Minister, with the "Recommended Appointment" rank.

All other technicians, technical assistants, clerks and clerical assistants shall be appointed directly by the Minister, with the "Delegate Appointment" rank.

Article XXV. The Ministry of Finance may, in case of necessity, solicit the service of from 2 to 4 Advisers and from 5 to 9 Experts.

Article XXVI. The Ministry of Finance may, owing to urgent requirements of its affairs, employ additional staff members.

Article XXVII. The Ministry of Finance shall have 1 Chief Accountant with the "Selected Appointment" rank, 1 Statistical Division Chief and 4 Division Chiefs with the "Recommended Appointment" rank, from 40 to 50 clerks and from 6 to 10 clerical assistants with the "Delegated Appointment" rank in charge of affairs prescribed in Article XV under the supervision and direction of their superior officials. They are concurrently directly responsible to the Comptroller-General's Office of the National Government in accordance with the organic law of the said office.

The Accounting Bureau and Statistical Division of the Ministry may employ additional staff members when urgent occasions arise.

Article XXVIII. The organization of subordinate institutions of the Ministry in charge of the imposition and collection of the Customs duty and the salt tax as well as the National

Tariff Commission shall be separately determined according to law.

Article XXIX. The detailed regulations governing the routine activities of the Ministry of Finance shall be drafted and enacted by an order of the Ministry.

Article XXX. This Organic Law shall come into force from the date of its promulgation.

DIFFERENTIATION OF NATIONAL AND LOCAL FINANCES

(Promulgated on October 8, 1941)

Article I. The nation's finances are divided into national finance and local finance.

Article II. National finance includes all revenues and expenditures pertaining to the Central Government, provinces and municipalities under the direct jurisdiction of the Executive Yuan and therefore not included in the local finance.

Article III. Local finance includes all revenues and expenditures pertaining to municipalities, hsien, towns and villages.

Article IV. National government tax receipts to be apportioned to hsien and municipalities are based on the following standard:—

- (a) 30 per cent of net stamp tax receipts to hsien and municipalities;
- (b) 25 per cent of net inheritance tax receipts to hsien and municipalities;
- (c) 30 to 50 per cent of net business tax receipts to hsien and municipalities;
- (d) The portion of land tax (in areas where the Land Tax Law is not enforced the name farm tax is still used), originally belonging to the provinces, is now turned over to the National Government, while the hsien and municipal governments still retain their original shares. During the period when land tax is collected in kind, the National Government collects the entire amount in kind. The hsien and municipal government portion is paid back to them by the National Government in cash;
- (e) The portion of tax on title-deeds, originally belonging to the provinces, is turned over to the National Government while the hsien and municipal governments still retain their original shares;
- (f) The entire butchery tax, separated from the business tax, goes to hsien and municipal governments.

Article V. The entire income tax goes to the National Government.

Article VI. Subsidies to hsien and municipal governments are decided by the National Government.

DIFFERENTIATION OF NATIONAL AND LOCAL REVENUES AND EXPENDITURES

NATIONAL

A. Revenues:

- I. Tax Receipts
 - (1) Land Tax (in areas where the Land Tax Law is not enforced the name farm tax is still used).
 - (2) Income Tax
 - (3) Inheritance Tax
 - (4) Excess Profit Tax
 - (5) Business Tax
 - (6) Special Business Profit Tax
 - (7) Special Business Operation Tax
 - (8) Stamp Tax
 - (9) Customs Revenue
 - (10) Salt Revenue
 - (11) Mining Tax
 - (12) Factory Production Tax
 - (13) Taxes on Banned Goods
 - (14) Wartime Consumption Tax
- II. Revenue From Government Monopolies
- III. Special Assessments
- IV. Fines and Compensation
- V. Income From Government Administration
- VI. Fees
- VII. Income From Administration of Trusts
- VIII. Income From National Property
- IX. Profit From Government Commercial Enterprises
- X. Income From Government-Operated Enterprises
- XI. Quota Remitted by the Provinces and Municipalities
- XII. Contributions and Gifts
- XIII. Receipts From Selling of Non-movable Property and Rights
- XIV. Receipts From Cancellation or Reduction of Invested Capital
- XV. Income From Government Bonds
- XVI. Proceeds From Borrowing
- XVII. Other Revenues

B. Expenditures:

- I. Party Expenses
- II. National Government Expenses
- III. Administrative Expenses
- IV. Expenses for Legislative Administration
- V. Expenses for Judicial Administration
- VI. Expenses for Administration of Examinations

- VII. Expenses for Control Administration
- VIII. Expenses for Education and Culture
- IX. Expenses for Economic Reconstruction
- X. Expenses for Public Health and Sanitation
- XI. Expenses for Child Welfare and Relief
- XII. Capital Investments
- XIII. Expenses for National Defence
- XIV. Public Safety Expenses
- XV. Diplomatic Expenses
- XVI. Loans Service
- XVII. Expenses for Migration and Land Reclamation

- XVIII. Expenses for Financial Administration
- XIX. Pensions and Retirement Allowance

- XX. Losses

- XXI. Expenses for Administration of Trusts

- XXII. Subsidies

- XXIII. Other Expenses

LOCAL

A. Revenues:

- I. Tax Receipts
 - (1) Farm Tax
 - (2) Butchery Tax
 - (3) Business Licences
 - (4) Special Operations Licences
 - (5) Punitive Tax
 - (6) Portion of Land Tax (in areas where the new Land Tax Law is not enforced the names of farm tax and tax on title-deed are still used).
 - (7) 25 per cent of Inheritance Tax from Central Government
 - (8) 30 to 50 per cent of Business Tax from Central Government
 - (9) 30 per cent of Stamp Tax from Central Government
- II. Special Assessments
- III. Fines and Compensation
- IV. Fees
- V. Receipts from Administration of Trusts
- VI. Income From Property and Rights
- VII. Profits From Public-owned Business Enterprises
- VIII. Income From Public Enterprises
- IX. Subsidies
- X. Local Donations and Gifts
- XI. Receipts From Selling of Non-movable Property and Rights
- XII. Receipts From Cancellation or Reduction of Invested Capital

- XIII. Income From Loans
- XIV. Proceeds From Borrowing
- XV. Other Revenues
- B. Expenditures :
 - I. Party Expenses
 - II. Administrative Expenses
 - III. Legislative Expenses
 - IV. Expenses for Education and Culture
 - V. Expenses for Economic Reconstruction
 - VI. Expenses for Public Health and Sanitation
 - VII. Expenses for Child Welfare and Relief
 - VIII. Capital Investments
 - IX. Expenses for National Defence
 - X. Expenses for Financial Administration
 - XI. Loans Service
 - XII. Pensions and Retirement Allowance
 - XIII. Losses
 - XIV. Expenses for Administration of Trusts
 - XV. Contributions and Subsidies
 - XVI. Other Expenses

THE PUBLIC TREASURY LAW

(Promulgated by the National Government
on June 9, 1938)

Article I. All public treasuries of Central, Provincial and Local Governments, in the Republic of China shall be administered in accordance with the present law.

Article II. Public institutions handling cash, bonds and stocks, and other properties on behalf of the Government are to be called Government Treasuries. The Government Treasury of the Central Government is called the National Treasury under the control of the Ministry of Finance, the Government treasuries of the Provincial Governments are called the Provincial Treasuries under the control of the departments of finance of the provincial governments; the Government treasuries of the municipalities and (the treasuries of) *hsien* governments are called the Municipal Treasuries and the *Hsien* Treasuries, respectively, both under the control of the bureaus of finance of their respective local governments. In case no bureau of finance has been established, their control shall remain in the hands of local authorities.

For local governments similar in character to provincial, municipal and *hsien* governments, the aforesaid regulations are also applicable to their respective treasuries.

Article III. Deposits, transfers, receipts and payments of cash, bills, and bonds and stocks, as well as the safekeeping of records of Government Treasury property shall be handled by

banks appointed to act as agents of the Government Treasury unless otherwise stipulated in separate regulations.

The affairs of National Treasury are to be handled by the Central Bank of China in the capacity of chief agent. Affairs of other grades of Government Treasuries are to be handled by banks appointed as agents, whose appointments are to be approved by the superior authorities of the subordinate treasuries. In localities where no banks have been established the local Post Offices may be appointed as treasury agents.

Article IV. With regard to the following receipts, Government institutions may collect funds within the specified period and deposit them under their own custody :

- (1) Petty receipts.
- (2) Receipts of Government institutions located beyond the specified distance from the agent banks of Government Treasuries and the Post Offices.
- (3) Receipts collected and payments made in localities upon the approval and with facilities of the superior authority.
- (4) Receipts of Government institutions with no definite locations.

Article V. With regard to the following payments, Government institutions may draw in advance from the Government Treasury within a specified period required funds for safekeeping and meeting payments :

- (1) Payments of Government institutions located beyond the specified distance from the agent banks of Government Treasuries or the Post Offices.
- (2) Payments of Government institutions with no definite localities.
- (3) Other payments for hired labor approved by law.

Article VI. The highest amount of the receipts mentioned in Article II as well as other restrictive conditions, unless otherwise stipulated by law, are to be decided by the Government Treasury authorities. The Accounting and Auditing Offices concerned shall also be notified of the decisions.

Article VII. Aside from the provisions in Article IV and Article V as well as other stipulations approved by law, Government institutions may not handle upon their own initiative matters regarding receipts, payments, transfers of cash, bills, and bonds and stocks, or the safekeeping of property documents; such matters are to be managed by the agent banks of Government treasuries or the post offices.

Article VIII. The receipts of cash and collection of bills and bonds due by the agent banks on behalf of the Government Treasuries are to be credited to the latters' accounts. The rights and obligations of the two parties unless

otherwise restricted by law, are to be determined by mutual agreement. The agreement shall be presented by the Government treasuries to their superior authorities for approval.

Post Offices acting as agents of Government Treasuries shall perform such functions according to the same regulations.

Article IX. When banks acting as agents of Government Treasuries go into liquidation or bankruptcy, the respective Government treasuries shall have the foremost priority of claim on their assets.

Article X. The funds of Government Treasuries are to be deposited under the following separate headings :—

- (1) Total Receipts.
- (2) Various Public Expenses.
- (3) Various Special Sinking Funds.

The Total Receipt Account represents the total amount of the Common Sinking Fund specified by the National Budget Law.

Article XI. All receipts outside the scope of the Government budget, except those to be credited to the Special Sinking Fund Account, shall be credited to the Total Receipts Account, but separate Treasury Receipts Accounts are to be kept by the authorities of Government Treasuries.

Article XII. The receipts mentioned in Article XI in the form of cash, bills, and bonds and stocks are all to be collected by the agent banks or the post offices on behalf of the Government Treasuries or by the banks or post offices' representatives at the collecting offices. A report shall be submitted to the collecting offices and the auditing offices in charge on the type of receipts and the grade of government institutions. The agent banks or post offices of Government Treasuries as well as the collecting offices shall separately report same to the authorities of Government Treasuries.

Article XIII. All expenses shall be transferred from the Total Receipts Account either to the Public Expenses Account or the Special Sinking Fund Account, according to the budget, before payments can be made. It is permissible to transfer the credits of Total Receipts Account to the Public Expenses Account for payment under emergency law, and payments made under such arrangements must be inserted in the budget for future sanction.

Article XIV. The transfer of public expenses must be made according to the appropriations of the approved budget. Government treasury authorities shall notify the agent banks or the post offices to transfer the respective expenses from the Total Receipts Account to the Public Expenses Account for individual government institutions. At the time when the transfers

of the aforesaid expenses are made, the government treasury authorities and the agent banks or the post offices must notify the accounting and auditing offices as well as the government institutions applying for the expenses.

Article XV. Government institutions may draw funds from the Public Expenses Account only by means of checks. With the exception of those payments mentioned in Article V, checks are used only for payments to government creditors, or for advance payments of contractual obligations. Regarding the payments of salaries of military and police officers, checks may be made out for the whole amount for the group to be presented by the respective group representatives for immediate payment. Checks are to be signed by the responsible heads of the institutions or their authorized delegates and countersigned by the accountant; and, in case there are auditors attached to the institutions, checks must be verified and signed by the auditor. Otherwise, these checks will not be honored by the agent banks or the post offices.

Article XVI. The Public Expenses Accounts of government institutions are to be kept by the respective authorities of government treasuries. All transfers, safekeeping, receipts and payments effected by government institutions must be reported to the treasury separately by the agent banks, the post offices and the institutions responsible for the expenses.

Article XVII. If there is any balance in favor of the Public Expenses Account at the end of each fiscal year, it shall be credited to the Total Receipt Account, with the exception of those items otherwise specified by law.

Article XVIII. In case of financial necessity, governments may secure temporary loans, either by overdrawing on the banks, or giving short term bonds and stocks or bills due before the end of the fiscal year as security for temporary loans. All receipts therefrom shall also be credited to the Total Receipts Account, and the same account shall be debited at the time of repayment.

Such temporary loans and their repayment shall be made by government treasury authorities under the supervision of their respective auditing offices.

Article XIX. The special sinking funds and their receipts must be placed to the credit of the respective Special Sinking Fund Accounts. The transfer, payments and management of such funds must be governed by the provisions of law, contract or will in respect to the individual sinking funds. In the absence of instructions to such effect, the regulations governing the Public Expenses Account shall be applicable.

Article XX. All subsidies and contributions with definite instructions as regards their use shall be treated as the ordinary public expenses,

and payments and transfers thereof are subject to the terms of Article XIV of the present law. For those with no directions for definite use the government treasury authorities and auditing offices shall notify the agent banks or the post offices to make payment directly from the Total Receipts Account to government treasuries entitled to such subsidies and contributions.

Article XXI. The reimbursements of funds received by, and of funds paid to, the government treasury must be recorded within the scope of the original account according to their nature. Such procedures are to be determined by the government treasury together with the collecting and paying offices as well as the accounting and auditing offices.

Article XXII. The receipts, payments, and transfers of cash, bills and bonds and stocks of those institutions either with no definite locations or situated in foreign countries, except otherwise stipulated in Article IV to Article VI, may be handled by a person appointed by the government treasury. The said person or persons must deposit a cash bond or other reliable securities with the government treasury.

Article XXIII. The government treasury and agent banks or post offices must keep detailed records of all government documents, important contracts regarding government assets and liabilities, and bonds and stocks on hand; and in case of need, a duplicate or photographed copy of each item should also be kept.

Article XXIV. All accounting of the government treasuries has to be done by the accounting and auditing offices.

Article XXV. The auditing work of Government Treasuries shall be done by their respective auditing offices. The auditing work of the banks or post offices acting as agents of Government Treasuries shall be done by the same offices.

Article XXVI. Government treasuries and their agents, banks and post offices, shall report their daily balances to the accounting and auditing offices.

Article XXVII. Any breach of the present law regarding receipts to be made shall be dealt with according to law.

Article XXVIII. Any breach of the present law regarding payments to be made shall be dealt with according to law; and the law-breaker shall be held responsible for the loss sustained by the government treasuries, agent banks and post offices. In case such indemnities are found insufficient to meet the actual losses sustained by the government treasuries, the banks and post offices shall be jointly held responsible for the deficiency.

Article XXIX. For the management of properties separate regulations shall be formulated.

Article XXX. The regulations regarding government institutions embodied in the present law are applicable to all public bodies duly organized.

Article XXXI. The by-laws of this law are to be drafted by the Ministry of Finance and approved by the Executive Yuan.

Article XXXII. The date and places for the enforcement of the present law are to be decided by National Government mandate.

REGULATIONS GOVERNING LOCAL FINANCIAL REFORM

(Promulgated by the Ministry of Finance on April 29, 1938)

Article I. The Ministry of Finance promulgates an outline of practical measures for the reform of local financial structure in order to meet the wartime need of the regulation of currency and finance, to assist in agricultural and industrial development and to increase general production in the various localities.

Article II. All local financial institutions applying for one-dollar and subsidiary currency notes in accordance with Article III shall, in addition to their existing business operations, engage in the following types of activities:

- (1) Operate warehouses for agricultural products.
- (2) Give mortgages on agricultural products.
- (3) Extend loans for the purchase of seeds, fertilizers, farming cattle and farming implements.
- (4) Extend loans for the improvement of farm land and water conservancy work.
- (5) Accept and discount agricultural papers.
- (6) Give mortgages on legally acquired real estate.
- (7) Give mortgages on factory plants and other fixed assets.
- (8) Give mortgages on raw materials and finished products.
- (9) Accept and discount commercial papers.
- (10) Underwrite and give collateral loans on industrial bonds.
- (11) Give collateral loans on industrial stocks.
- (12) Give mortgages on agricultural, forestry, fishery and mining products and native goods for daily use.

Article III. Local financial institutions may apply under the terms of Article IV for one-dollar and subsidiary currency notes at the Central Bank of China, Bank of China, Bank of Communications and the Farmers' Bank of China for an amount approved by the Ministry of Finance.

PUBLIC FINANCE
Article IV. The security reserves for these notes shall include the following varieties:

- (1) Legal tender notes.
- (2) National Government Bonds and Provincial Government Bonds approved by the National Government.
- (3) Legally acquired real estate and factory assets.
- (4) Agricultural products.
- (5) Agricultural papers of not more than 180 days attached with bills of lading, warehouse receipts, and insurance certificates.
- (6) Industrial raw materials and finished products.
- (7) Commercial papers of not more than 120 days attached with bills of lading, warehouse receipts and insurance certificates.
- (8) Industrial bonds in the process of amortization of principal and interest.
- (9) Industrial stocks with regular interest payments.
- (10) Agricultural, forestry, fishery and mining products and native goods for daily use.

Legal tender notes under Section 1 shall not be less than 20 per cent. Government bonds under Section 2 shall not be less than 30 per cent. All other securities under Sections 3-10 shall make up the rest of the total loan.

Article V. The Ministry of Finance shall designate a staff member of the Central Bank of China, Bank of China, Bank of Communications or the Farmers' Bank of China to investigate the business operations and inspect the books of local financial institutions applying for one-dollar and subsidiary currency notes and submit a report within ten days to the Ministry of Finance.

When a further examination is called for, he may make a confidential recommendation to the Ministry for the appointment of a special examiner for the undertaking.

Article VI. All securities accepted as reserves for these notes shall be kept in the custody of the Central Bank of China, Bank of China, Bank of Communications or the Farmers' Bank of China.

The government banks shall submit to the Ministry of Finance monthly reports with classified tables of these securities.

Article VII. If local financial institutions applying for one-dollar and subsidiary currency notes should fail to carry on the type of business activities specified in these Regulations, the privilege of obtaining such notes shall be suspended and the security reserves previously submitted shall be subjected to confiscation.

Article VIII. The time limit, composition and printing cost of the one-dollar and subsidiary currency notes shall be as follows:

- (1) The time is limited to a period of 2 years with an extension of one year.
- (2) The notes shall be 60 per cent one-dollar notes and 40 per cent subsidiary currency notes.
- (3) The printing cost is figured on the basis of \$25,500 for the amount of \$1,000,000, besides the accrued interest on legal tender under Article IV Section 1 amounting to 20 per cent of the total notes.

Article IX. The rules regarding the application for one-dollar and subsidiary currency notes shall be jointly formulated by the Central Bank of China, Bank of China, Bank of Communications, and the Farmers' Bank of China and submitted to the Ministry of Finance for inspection and enforcement.

Article X. Local financial institutions shall cooperate with the Farmers' Bank of China and the Agricultural Credit Administration in matters relating to agricultural loans of all kinds.

Securities against agricultural loans may be used as securities for mortgages from the Farmers' Bank of China and Agricultural Credit Administration. Securities against industrial and commercial loans may be used as securities for mortgage loans from the Bank of China and Bank of Communications.

REGULATIONS GOVERNING THE 31ST YEAR ALLIED VICTORY GOLD BONDS

Article I. For the purpose of helping effect a balance in the budget, stabilize the price level, strengthen the monetary system, absorb idle capital and achieve victory for the Allied democracies, the National Government of China authorizes the issue of bonds to be entitled the 31st Year Allied Victory Gold Bonds.

Article II. The total amount of the bonds shall be US \$100,000,000 to be issued on May 1, 1942. The bonds shall be issued at 100 per cent of their face value.

Article III. The bonds shall be purchased in Chinese national currency at the equivalent rate to be announced by the Ministry of Finance on the day of issuance.

Article IV. The bearers shall receive amounts in U. S. dollars in accordance with the face value of the bonds at the time of the payment of interest and amortization of principal.

Article V. The bonds shall bear an annual interest of 5 per cent payable every six months as from the day of issuance.

Article VI. The principal of the bonds shall be amortized within ten years, the amortization for the first instalment beginning from 1944. Amortization of the bonds by public drawings shall be effected every six months. The amount of each principal payment shall be fixed according to the amortization table.

Article VII. The proceeds from the US \$500,000,000 loan from the Government of the United States of America shall be designated as the sinking fund for the payment of the principal of and interest on the bonds. The proceeds shall be forwarded to the Central Bank of China to meet specified payments.

Article VIII. The Central Bank of China and designated banks shall be appointed as official institutions for the payments of principal of and interest on the bonds.

Article IX. The bonds are bearer bonds in denominations of US \$5,000; US \$1,000; US \$500; US \$100; US \$50 and US \$20.

Article X. The bonds may be freely bought, sold or mortgaged. They may be used as a substitute for cash bonds as required in civil service, or used by commercial banks as security reserve.

Article XI. Any person attempting to counterfeit or in any way endanger the credit of the bonds shall be punished by the court according to law.

Article XII. These regulations shall come into force from the date of promulgation.

Appendix.—A Table for the Conversion of the 31st Year Allied Victory Gold Bonds into Chinese National Currency :—

US \$5,000	=	NC \$83,333.34
US \$1,000	=	NC \$16,666.67
US \$ 500	=	NC \$ 8,333.34
US \$ 100	=	NC \$ 1,666.67
US \$ 50	=	NC \$ 833.34
US \$ 20	=	NC \$ 333.34

REGULATIONS GOVERNING THE 31ST ALLIED VICTORY BONDS

Article I. For the purpose of helping effect a balance in the budget, stabilize the price level, strengthen the monetary system, absorb idle capital and achieve victory for the Allied democracies, the National Government of China authorizes the issue of bonds to be entitled the 31st Allied Victory Bonds.

Article II. The total amount of the bonds shall be NC \$100,000,000, to be issued on July 1, 1942. The bonds shall be issued at 100 per cent of their face value.

Article III. The bonds shall bear annual interest of 6 per cent payable every six months from the day of issuance.

Article IV. The principal of the bonds shall be amortized within ten years, with amortization for the first instalment beginning from 1945. Amortizations of the bonds by public drawings shall be effected every six months. The amount of each principal payment shall be fixed according to the amortization table.

Article V. The proceeds from the £50,000,000 loan from the British Government shall be designated as the sinking fund for the payment of the principal of and interest on these bonds.

Article VI. The Central Bank of China and designated banks shall be appointed as official institutions for the payments of the principal of and interest on these bonds.

Article VII. The bonds shall be bearer bonds in denominations of NC \$100,000; NC \$10,000; NC \$5,000; NC \$1,000; NC \$500 and NC \$100.

Article VIII. The bonds may be freely bought, sold or mortgaged. They may be used as a substitute for cash bonds as required in civil service; or used by commercial banks as security reserve.

Article IX. Any person attempting to counterfeit or in any way endanger the credit of the bonds shall be punished by the court according to law.

Article X. These regulations shall come into force from the date of promulgation.

EXCESS PROFIT TAX RATE TABLE ON PROFIT-SEEKING BUSINESS ENTERPRISES

Excess Profit Tax on Profits on Actual Capital	Rate
20% ..	25%
25% ..	30%
30% ..	40%
40% ..	50%
50% ..	60%
60% above	..

EXCESS PROFIT TAX RATE TABLE ON RENTAL OF IMMOVABLE PROPERTY

Excess Profit Tax on Profits on Actual Property	Rate
15% ..	20%
20% ..	30%
30% ..	40%
30% ..	40%
40% ..	50%
50% ..	60%
60% above	..

INCOME TAX RATES

For incomes of profit-seeking business enterprises the following rates shall be imposed :

- (a) 2 per cent on profits less than 5 per cent of actual capital
- (b) 4 per cent on profits between 10 and 15 per cent of actual capital
- (c) 6 per cent on profits between 15 and 20 per cent of actual capital
- (d) 8 per cent on profits between 20 and 25 per cent of actual capital
- (e) 10 per cent on profits above 25 per cent of actual capital

For earnings of business establishments which cannot be calculated on the basis of the preceding categories, the following rates shall be imposed :

- (a) Incomes not exceeding \$100 free
- (b) 3 per cent on earnings \$100 to \$1,000
- (c) 4 per cent on earning \$1,000 to \$2,500
- (d) 6 per cent on earnings \$2,500 to \$5,000
- (e) 1 per cent for every \$1,000 above \$5,000

Income tax rates on emoluments and salaries shall be as follows :

On average monthly incomes

- (a) \$30 to \$60, 5 cents on every \$10
- (b) \$60 to \$100, 10 cents on every \$10 above \$60
- (c) \$100 to \$200, 20 cents on every \$10 above \$100
- (d) \$200 to \$300, 30 cents on every \$10 above \$200
- (e) \$300 to \$400, 40 cents on every \$10 above \$300
- (f) \$400 to \$500, 60 cents on every \$10 above \$400
- (g) \$500 to \$600, 80 cents on every \$10 above \$500
- (h) \$600 to \$700, \$1 on every \$10 above \$600
- (i) \$700 to \$800, \$1.20 on every \$10 above \$700
- (j) Above \$800, 20 cents on every \$10 of first \$100 above \$800 until it reaches \$2 on every \$10
- (k) No tax on amounts above any mark but below \$5 in difference, while amounts above \$5 shall be counted as \$10

Flat rate of 5 per cent shall be imposed on interest accrued from Government bonds, on corporation debentures and banking deposits.

RATES OF INHERITANCE TAX

%	above	\$ 5,000 and under	\$ 50,000
1	between	\$ 50,000 and	\$ 100,000
2	..	\$ 100,000	\$ 250,000
3	..	\$ 250,000	\$ 500,000
4	..	\$ 500,000	\$ 750,000
5	..	\$ 750,000	\$ 1,000,000
7	..	\$ 1,000,000	\$ 1,500,000
9	..	\$ 1,500,000	\$ 2,000,000
12	..	\$ 2,000,000	\$ 3,000,000
15	..	\$ 3,000,000	\$ 4,000,000
20	..	\$ 4,000,000	\$ 5,000,000
25	..	\$ 5,000,000	\$ 6,000,000
30	..	\$ 6,000,000	\$ 7,000,000
35	..	\$ 7,000,000	\$ 8,000,000
40	..	\$ 8,000,000	\$ 9,000,000
45	..	\$ 9,000,000	\$ 10,000,000
50	above	\$ 10,000,000	

EXEMPTIONS FROM TAXATION

1. Property or properties under \$5,000 in value.
 2. Properties belonging to officers and soldiers of the Army, Navy and Air Force, who have lost their lives in the act of war or as a result of injuries received in the act of war.
 3. Special literary articles that have a cultural, historical and art value when they are registered with the Inheritance Tax Office. But such articles must pay the inheritance tax when subsequently transferred to other person or persons.
 4. Properties of any grade donated to the Government.
 5. Properties donated to public institutions of education, culture, charity or public welfare which do not exceed a total value of \$500,000.
 6. All copyrights of authors, patent rights for scientific discoveries and articles of original arts.
- New Provisional Regulations for stamp duties were promulgated by the National Government in July, 1927, which divided dutiable documents into four groups.
- Group I comprises fifteen kinds of documents grouped under three classes :—
- Class A (seven kinds): bills, receipts for goods deposited, receipts for goods hired, pawn-tickets, value of \$4 upwards, etc. (one cent stamp);
 - Class B (six kinds): invoices, agreements for hire, receipts for advance orders, etc. (1 cent stamp if value between \$1 and \$10, otherwise 2 cent stamp);
 - Class C (two kinds): bank pass-books and account books of business houses (each book, 10 cent stamp).

Group II comprises fourteen kinds:

Bills of lading, insurance policies, deposit receipts, share certificates, checks, drafts, loan agreements, etc. (1 cent stamp if value between \$1 and \$10, 2 cent if over \$10 and under \$100, 4 cent over \$100 and under \$500, 10 cent over \$500 and under \$1,000, 20 cent over \$1,000 and under \$5,000, 50 cent over \$5,000 and under \$10,000, \$1 over \$10,000 and under \$50,000, \$1.50 if \$50,000 or upwards).

Group III comprises 45 kinds:

Passports, certificates, testimonials, permits, licences, charters, etc., for which the stamp duty varies from 1 cent to \$10.

Group IV comprises four kinds, to be affixed on foreign wines and aerated water bottles, alcohol, fireworks, etc., ranging from 2 cents for aerated water, to \$10 for alcohol.

With the exception of those to be affixed on the articles included in Group IV, the stamps will partake of the following five colors: buff

(1 cent), green (2 cent), red (10 cent), purple (50 cent), blue (\$1).

The penalty for non-affixing of stamps is a fine for each document concerned of from ten to 100 dollars, and that for affixing insufficient stamps, a fine of from five to 50 dollars.

All stamp duties were doubled after the outbreak of the Sino-Japanese hostilities.

TAX EXEMPTIONS

According to the latest revision of the Stamp Tax Law, the following are exempt from stamp duty:—

- (1) Books and documents used by Government offices
- (2) Bonds and stocks issued by the Government
- (3) Account books for family use, for philanthropic and cultural organs, and cooperative societies
- (4) Bills and certificates of any organization in connection with their own internal working.

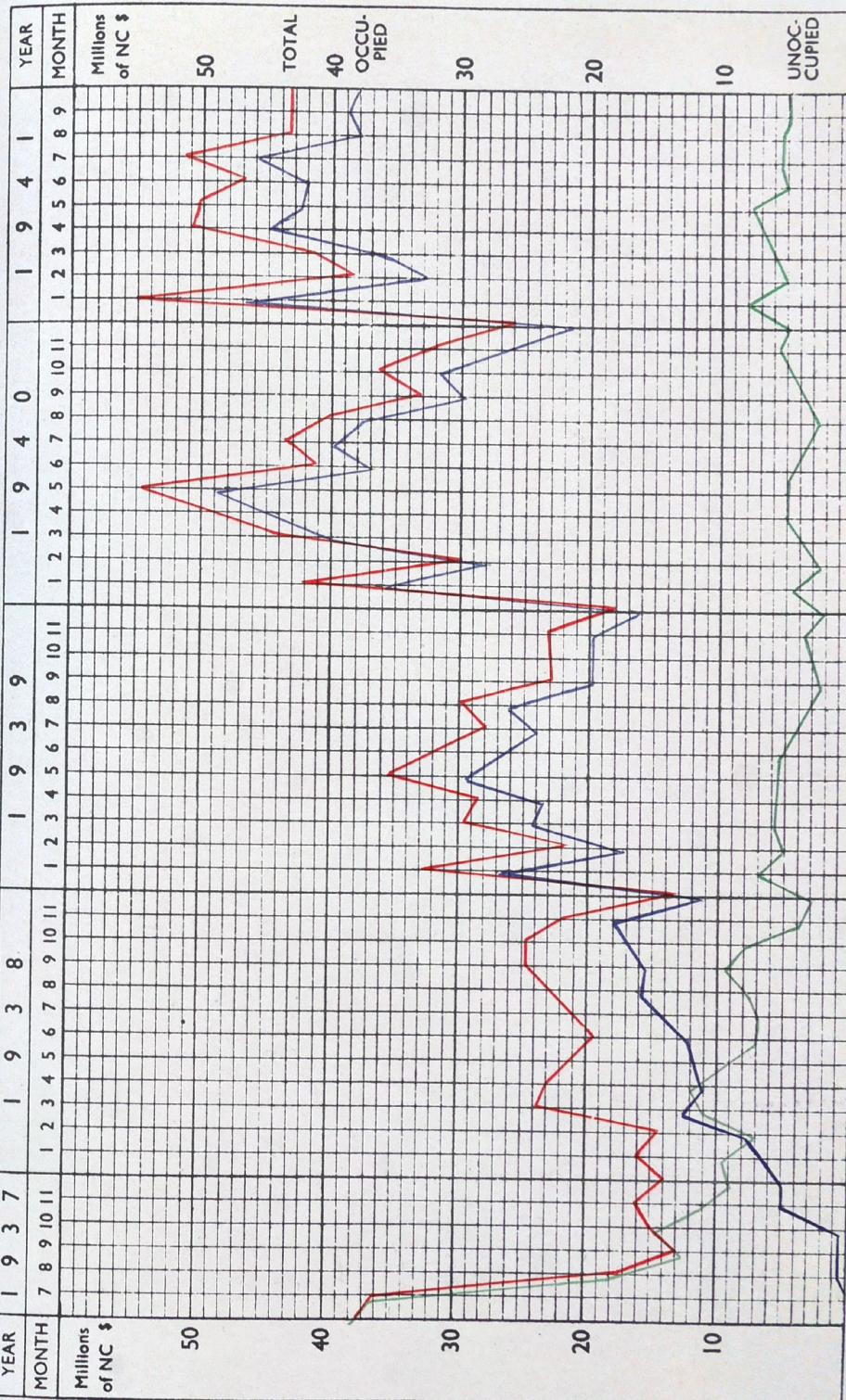
TARIFF RATES OF CHINESE MARITIME CUSTOMS

Taxes	Groups of Goods.	Tariff Rates	Explanations
Import Tax	I. Cotton and Cotton Piece Goods. II. Flax and Manufactures Thereof. III. Wool and Manufactures Thereof. IV. Silk and Manufactures Thereof. V. Metals and Manufactures Thereof. VI. Food, Beverages and Medicinal Plants. VII. Tobacco VIII. Chemicals and Dyes IX. Candles, Soap, Oils, Fats, Gums and Resins. X. Books, Maps, Paper and Wood Pulp. XI. Hides, Leather, and other Animal Substances. XII. Wood, Bamboos, Rattans, Coir, Straw, and Manufactures Thereof. XIII. Coal, Fuel, Pitch and Tar. XIV. Chinaware, Enamelled-ware, Glass. XV. Stone, Earth, and Manufactures Thereof XVI. Sundry	25-50% 7.5-50% 15 -70% 15 -80% 5 -40% 10 -80% 15 -50% 5 -35% 10 -30% 7.5-30% 7.5-40% 7.5-35% 10 -15% 20 -50% 10 -20% 10 -40% NC \$	The present customs tariffs were revised in 1934. Beginning with July 1, 1939, certain products were prohibited from importation. All prohibited goods and non-necessities were taxed on their full value. Those goods formerly taxed according to their quantity were all taxed <i>ad valorem</i> beginning from January 1, 1942. Goods not falling under the prohibited list were taxed only one-third of the original tariffs, either according to their quantity or <i>ad valorem</i> beginning from September 2, 1939. Because of the increase of the pure gold content in the Customs Gold Unit and the fixing of the ratio between national dollars and C. G. U. at 20 to 1, <i>ad valorem</i> taxes were levied at only one-third of, and taxes on quantity of goods, only one-sixth of, their original tariffs from April 1, 1942.
Export Tax	<i>ad valorem</i> by quantity	7.5% 5%	The export tariff rates were revised and promulgated in 1934.
Interport Tax	<i>ad valorem</i> by quantity	7.5% 5%	The interport tariff rates were revised and enforced in October 1937 and abolished on April 15, 1942.
Wartime Consumption Tax	<i>ad valorem</i> : Ordinary Daily Necessities With Exception of Those that Are Duty-Free. ,, Non-Necessities ,, Semi-Luxuries ,, Luxuries	5% 10% 15% 25%	Tariff rates of wartime consumption tax were promulgated in April, 1942. Collection on imported goods shall be made by the customs at the time of importation together with the imposition of import tax.

CHINESE MARITIME CUSTOMS REVENUE OF OCCUPIED PORTS DEPOSITED IN THE YOKOHAMA SPECIE BANK

Port	Date of Deposit	Oct. 1937-Dec. 1939		1940		Jan.-Sept. 1941	Total
		NC \$	NC \$	NC \$	NC \$		
Chinwangtao	October 25, 1937	9,385,292.84		7,293,183.29		3,886,571.57	20,565,047.70
Tientsin	October 25, 1937	121,716,672.41		88,377,867.83		56,047,864.67	266,142,404.91
Cheefoo	April 27, 1938	4,675,426.66		2,797,262.85		-299,045.60	7,173,643.91
Tsingtao	February 11, 1938	35,534,529.78		34,471,149.64		20,903,038.60	90,908,718.02
Shanghai	May 3, 1938	208,227,275.73		248,563,451.96		231,543,540.46	688,334,268.15
Amoy	September 1, 1938	405,147.75		928,265.82		696,484.31	2,029,897.88
Canton	January, 1939	131,634.65		3,774,598.84		11,637,923.16	15,544,156.65
Kiungchow	May 8, 1939	22,016.09		18,301.77		-5,877.24	34,440.62
Total	National Currency	380,097,995.91		386,224,082.00		324,410,499.93	1,090,732,577.84

CUSTOMS REVENUE COLLECTIONS OF OCCUPIED AND UNOCCUPIED PORTS AFTER THE OUTBREAK OF THE SINO-JAPANESE HOSTILITIES



PUBLIC FINANCE

CHINESE MARITIME CUSTOMS REVENUE FROM VARIOUS SOURCES IN THE WAR

Taxes	1937		1938		1939		1940		(Jan.-Sept. 1941)	
	NC \$	%	NC \$	%	NC $	%	NC $	%	NC $	%
Total	342,899,739	100.00	254,565,468	100.00	331,323,640	100.00	475,749,134	100.00	422,689,540	100.00
Import Tax	261,286,534	76.20	160,936,329	63.22	237,683,384	71.74	343,597,869	72.22	284,487,421	67.30
Export Tax	29,073,179	8.48	16,532,939	6.49	17,415,280	5.26	27,552,965	5.80	26,697,583	6.32
Interport Tax	20,148,871	5.88	55,840,004	21.94	46,661,699	14.08	63,813,940	13.41	78,153,860	18.49
Tonnage Dues	3,224,610	.94	2,913,405	1.14	3,660,836	1.10	3,094,980	.65	1,717,128	.41
Revenue Surtax	14,578,836	4.25	9,163,631	3.60	12,951,045	3.91	18,844,021	3.96	15,816,396	3.74
Flood Relief Surtax	14,587,709	4.25	9,179,160	3.61	12,951,396	3.91	18,845,359	3.96	15,817,152	3.74
Receipts of Unoccupied Ports	328,590,811	95.83	95,294,044	37.43	53,953,952	16.28	52,064,062	10.94	54,281,124	12.84
Receipts of Occupied Ports	14,308,928	4.17	159,271,424	62.57	277,369,668	83.72	423,685,072	89.06	368,408,416	87.16

Date	Import Tax		Export Tax		Interport Tax		Others		Wartime Consumption Tax		Total	
	NC \$	%	NC \$	%	NC \$	%	NC \$	%	NC \$	%	NC \$	%
1941												
October	1,984,555	33.41	142,775	2.40	3,594,435	60.50	218,981	3.69	..	..	5,940,746	100.00
November	1,902,962	28.24	180,709	2.68	4,441,393	65.90	214,778	3.18	..	..	6,739,842	100.00
December	1,680,746	33.28	129,565	2.57	3,055,558	60.51	183,886	3.64	..	..	5,049,755	100.00
1942												
January	4,768,846	34.08	112,820	0.81	8,620,657	61.60	492,005	3.51	..	..	13,944,328	100.00
February	3,865,884	32.58	47,768	0.40	7,560,958	63.71	392,645	3.31	..	..	11,867,255	100.00
March	5,918,939	30.75	64,582	0.34	12,661,581	65.78	601,682	3.13	..	..	19,246,784	100.00
April	5,431,314	15.25	89,309	0.25	13,952,744	39.18	555,373	1.57	15,580,039	43.75	35,608,779	100.00
May	7,036,575	9.57	147,359	0.20	875,833	1.19	825,865	0.99	64,757,343	88.05	73,642,975	100.00
June	5,353,411	10.03	324,682	0.61	129,191	0.24	569,089	1.07	46,987,405	88.05	53,363,778	100.00
July	4,004,505	9.31	213,464	0.50	9,223	0.02	421,849	0.98	38,378,946	89.19	43,027,987	100.00
August	13,100,572	21.83	375,910	0.63	12,164,365	20.26	1,451,899	2.42	32,929,663	54.86	60,022,409	100.00
September	9,931,096	26.29	512,236	1.36	11,398	0.03	1,049,880	2.78	26,271,933	69.54	37,776,543	100.00
Total	77,278,781	17.78	3,083,600	0.71	67,109,980	15.44	8,336,798	1.92	278,823,547	64.15	434,632,706	100.00

PUBLIC FINANCE

PERCENTAGE OF CHINESE MARITIME CUSTOMS REVENUE LOST IN OCCUPIED PORTS IN RELATION TO CHINA'S WHOLE

Month	1937		1938		1939		1940		1941	
	Revenue NC \$	%	Revenue NC $	%	Revenue NC $	%	Revenue NC $	%	Revenue NC $	%
January	..	..	7,071,604	42.15	26,970,456	79.55	37,321,681	88.60	47,244,567	85.11
February	..	..	8,214,835	52.75	17,461,483	76.45	28,137,449	91.73	33,122,368	86.65
March	..	..	13,344,684	54.92	24,414,511	81.04	40,459,294	91.82	36,170,789	85.81
April	..	..	11,654,837	49.30	23,827,810	81.01	43,860,435	89.50	44,531,823	87.40
May	..	..	12,104,508	55.43	30,206,930	83.89	49,535,682	90.51	42,587,941	84.51
June	..	..	12,745,006	62.24	26,716,111	83.26	36,835,156	88.75	42,163,230	89.49
July	126,652	5.33	14,703,845	68.11	24,256,698	85.39	40,094,304	91.66	46,198,484	89.36
August	1,023,013	8.30	16,300,109	68.40	26,777,664	88.58	37,810,084	92.93	37,863,666	87.36
September	1,163,127	8.30	15,851,678	62.68	20,296,583	87.75	29,736,210	88.88	38,525,548	88.91
October	1,210,051	7.65	17,369,528	68.59	20,307,628	86.34	31,778,770	87.13	..	..
November	5,407,067	9.26	18,456,652	82.72	19,848,291	84.95	26,743,080	81.79	..	..
December	5,379,018	36.44	11,454,138	79.20	16,285,523	87.21	21,372,927	80.38	..	..
Total	14,308,928	4.17	159,271,424	62.57	277,369,688	83.72	423,685,072	89.06	368,408,416	87.16

PUBLIC FINANCE

Year	Import		Export		Total Value		Excess of Imports		Unoccupied Ports		Occupied Ports	
	NC \$	NC \$	NC \$	NC \$	NC \$	NC \$	NC \$	NC \$	NC \$	Amount of Trade	Amount of Trade	%
1937	953,386,007	838,255,705	1,791,641,712	115,130,302	569,510,000	34.54	1,079,530,000	12.64	2,062,482,000	65.46	3,488,412,000	87.36
1938	886,199,569	762,641,058	1,648,840,627	123,558,511	298,418,000	12.73	508,852,000	12.73	3,488,412,000	87.27	3,468,055,000	83.10
1939	1,333,653,896	1,027,246,508	2,360,900,404	306,407,388	57,022,401	17.90	705,296,000	16.90	1,310,627	17.90	3,468,055,000	83.10
1940	2,027,143,048	1,970,120,647	3,997,263,695	4,173,351,315	..	..	..	..	..	..	..	..
1941 (Jan.-Sept.)	1,886,020,344	2,287,330,971	4,173,351,315	..	..	..	..	..	..	..	..	..

†Excess of Exports.

KINDS OF GOODS LEVIED UNDER WARTIME CONSUMPTION TAX AND TARIFF RATES

(A) Domestic Goods.

* Represents goods taxed in that province.

Goods	Tariff ad valorem Rates	Szechwan and Shkiang	Kiangsi.	Chekiang and Kiangsu	Fukien	Kwangtung	Kweichow	Yunnan	Kansu, Ninghsia and Suiyuan	Shensi and Shansi	Honan	Anhwei
Cotton	5%	*	*	*	*	*	*	*	*	*	*	*
Raw Silk	5%	*	*	*	*	*	*	*	*	*	*	*
Ramie	5%	*	*	*	*	*	*	*	*	*	*	*
Linen Cloth	5%	*	*	*	*	*	*	*	*	*	*	*
Vegetable Oil	5%	*	*	*	*	*	*	*	*	*	*	*
Paper	5%	*	*	*	*	*	*	*	*	*	*	*
Pottery	5%	*	*	*	*	*	*	*	*	*	*	*
Raw Hides	5%	*	*	*	*	*	*	*	*	*	*	*
Bamboo	10%	*	*	*	*	*	*	*	*	*	*	*
Lumber	10%	*	*	*	*	*	*	*	*	*	*	*
Lacquer	10%	*	*	*	*	*	*	*	*	*	*	*
Silk Piece Goods	10%	*	*	*	*	*	*	*	*	*	*	*
Ham	10%	*	*	*	*	*	*	*	*	*	*	*
Medicinal Plants and Spices	10%	*	*	*	*	*	*	*	*	*	*	*
Leather Goods	15%	*	*	*	*	*	*	*	*	*	*	*
Rugs	15%	*	*	*	*	*	*	*	*	*	*	*
Paper Money	20%	*	*	*	*	*	*	*	*	*	*	*
Firecrackers and Fireworks	20%	*	*	*	*	*	*	*	*	*	*	*
Dried Sea Products	10—20%	*	*	*	*	*	*	*	*	*	*	*
Total	..	12	9	10	10	14	6	13	5	4	7	5

Remarks :—Under dry sea products item, avabi, bielo de mar, compoy, sharks' fin, fish maw, and fish skin are taxed 20% *ad valorem*. All other kinds of sea products, with the exception of salted fish, dried fish, shrimp, shrimp skins, shells and crushed shrimps which are not taxed, are taxed 10% *ad valorem*.

RELATION OF MARITIME CUSTOMS REVENUE TO FOREIGN LOANS AND INTERNAL LOANS CHARGED THEREON

Year	Average Exchange	Combined Maritime Customs Gross Revenue		Combined Maritime Customs Net Revenue		Total Amounts Paid from Combined Maritime Customs Revenue towards Foreign Loans and Indemnities charged thereon	Total Amounts Paid from Combined Maritime Customs Revenue towards Internal Loans Service
		NC \$	£ Sterling	NC \$	£ Sterling		
1937	1/24 (nom.)	310,508,584	18,759,894	275,758,423	16,660,405	76,911,283	4,646,723
1938	1/24 (,,)	233,309,273	14,095,769	77,269,408	4,668,360	77,958,676	4,710,003
1939	1/24 (,,)	301,760,363	18,231,355	31,178,409	1,883,696	15,229,943\$	920,142
1940	1/24 (,,)	434,964,774	26,279,122	18,359,176	1,109,200	8,929,413||	539,485
1941 (Jan.—Sept.)	1/24 (,,)	389,338,864	23,522,557	47,711,186	2,882,551	7,305,940	441,401

† Of this amount of NC \$77,958,676 the sum of NC \$77,269,408 (or @ 1/24 = £4,668,360) was provided for from the Customs net revenue and the sum of NC \$689,268 (or @ 1/24 = £41,643) advanced by the Chinese Government.

‡ Whole amount was advanced by the Chinese Government.

§ Of which NC \$2,379,679 (= £41,293,84) representing two monthly instalments of the Anglo-German loan of 1898 was paid in full while the remainders, NC \$12,850,264, was placed on deposit in special accounts with the Central Bank of China pending future application towards service of the foreign obligations.

|| Placed on deposit in special accounts with the Central Bank of China pending future application towards service of the loans.

¶ Including NC \$808,978 representing surplus revenue during 1940 applied toward making up part of the deficiencies of quotas outstanding at the end of 1939.

Note :—Gross Revenue = Net Revenue + Revenue seized by the Japanese Invaders.

LOANS SECURED BY CUSTOMS REVENUE

	<i>Outstanding Dec. 31, 1940</i>	<i>In Arrears Principal</i>	<i>Interest</i>
4½% Loan of 1898	£ 2,996,425	700,400	£119,081
5% Reorganization Loan	£19,691,880	537,020	£959,022
1925 French Indemnity	US\$14,835,910	US\$3,873,567	US\$155,229
1928 Belgian Indemnity	US\$1,148,687	US\$463,678	US\$18,581

LIST OF INTERNAL LOANS ISSUED BY THE NATIONAL GOVERNMENT

	<i>Name of Loan</i>	<i>Amount Issued</i>	<i>Amount Outstanding June 30, 1938</i>
1. 2½% Surtax Treasury Bonds, 1st Issue		NC\$30,000,000.00	Fully repaid
2. 2½% Surtax Treasury Bonds, 2nd Issue		40,000,000.00	"
3. 17th Year Short-Term Currency Loan		30,000,000.00	"
4. Rolled Tobacco Tax Treasury Bonds, 1st Issue		16,000,000.00	"
5. 17th Year Military Loan		10,000,000.00	Converted
6. 17th Year Short-Term Rehabilitation Loan		40,000,000.00	Fully repaid
7. Tientsin Customs 2½% Surtax Treasury Bonds		9,000,000.00	"
8. 17th Year Long-Term Currency Loan		45,000,000.00	\$34,875,000.00
9. 18th Year Famine Relief Loan		10,000,000.00	Converted
10. 18th Year Disbandment Loan		50,000,000.00	"
11. Rolled Tobacco Tax Treasury Bonds, 2nd Issue		24,000,000.00	Fully repaid
12. Haiho Improvement Short-Term Loan ¹		4,000,000.00	\$400,000.00
13. 18th Year Customs Revenue Treasury Notes		40,000,000.00	Converted
14. 18th Year Reorganization Treasury Notes		70,000,000.00	"
15. 19th Year Customs Revenue Loan ..		20,000,000.00	"
16. 19th Year Rolled Tobacco Treasury Notes		24,000,000.00	Fully repaid
17. 19th Year Customs Revenue Short-Term Treasury Notes		80,000,000.00	Converted
18. 19th Year Rehabilitation Short-Term Treasury Notes		50,000,000.00	"
19. 20th Year Rolled Tobacco Treasury Notes		60,000,000.00	"
20. 20th Year Customs Revenue Short-Term Treasury Notes		80,000,000.00	"
21. Kiangsu and Chekiang Silk Loan		6,000,000.00	"
22. 20th Year Consolidated Tax Treasury Notes		80,000,000.00	"
23. 20th Year Salt Revenue Treasury Notes		80,000,000.00	"
24. 20th Year Flood Relief Loan		30,000,000.00	"

LIST OF INTERNAL LOANS ISSUED BY THE NATIONAL GOVERNMENT

	<i>Name of Loan</i>	<i>Amount Issued</i>	<i>Amount Outstanding June 30, 1938</i>
25.	20th Year Short-Term Currency Loan	NC \$80,000,000.00	Converted
26.	Patriotic Loan	20,000,000.00	"
27.	22nd Year Customs Revenue Treasury Notes	100,000,000.00	"
28.	North China War Relief Short-Term Loan ²	4,000,000.00	"
29.	23rd Year Customs Revenue Treasury Notes ³	50,000,000.00	"
30.	Railway Construction Bonds, 1st Issue	12,000,000.00	6,750,000.00
31.	Yuping Railway Loan	12,000,000.00	8,400,000.00
32.	23rd Year 6% Boxer Indemnity Sterling Loan	£1,500,000.00	£1,102,000.00
33.	24th Year Currency Loan	\$100,000,000.00	Converted
34.	23rd Year Customs Revenue Loan ⁴	\$100,000,000.00	"
35.	24th Year Relief Loan	20,000,000.00	"
36.	24th Year Szechwan Currency Treasury Notes ⁵	30,000,000.00	"
37.	24th Year Szechwan Rehabilitation Loan ⁶	70,000,000.00	\$54,600,000.00
38.	24th Year Electric Bonds	10,000,000.00	6,900,000.00
39.	Railway Construction Bonds, 2nd Issue	27,000,000.00	20,575,000.00
40.	Italian Boxer Indemnity Loan	44,000,000.00	Converted
41.	Russian Boxer Indemnity Notes	120,000,000.00	"
42.	Consolidated Tax Notes ¹	120,000,000.00	"
43.	25th Year Short-Term Notes ¹	100,000,000.00	"
44.	Consolidated Loan :—		
	A	150,000,000.00	
	B	150,000,000.00	
	C	350,000,000.00	\$1,429,420,000.00
	D	550,000,000.00	
	E	260,000,000.00	
45.	Recovery Loan	340,000,000.00	333,200,000.00
46.	25th Year Szechwan Rehabilitation Loan	15,000,000.00	13,800,000.00
47.	Railway Construction Bonds, 3rd Issue	80,000,000.00	77,382,500.00
48.	25th Year Kwangtung Currency Readjustment Loan	120,000,000.00	115,200,000.00
49.	26th Year Nanking-Kiangsi Railway Loan	14,000,000.00	13,300,000.00
50.	26th Year U. S. Dollar Loan for Engineering Projects and Harbor Development in Kwangtung	US \$2,000,000.00	US \$1,920,000.00
51.	26th Year Kwangtung Province Railway Development Loan	£2,700,000.00	Withdrawn

¹Not included in Consolidation Scheme of 1936. Amortization and interest payments met from Haiho Surtax.

²Not included in Consolidation Scheme of 1936. Amortization and interest payments met from Changlu (North China) Surtax.

³Original amount issued \$100,000,000. Later reduced to \$50,000,000, balance replaced by equal amount of 23rd Year Customs Revenue Loan Bonds.

⁴Half of amount issued to replace 23rd Year Customs Treasury Notes.

⁵Secured on Wine and Tobacco Taxes of Szechwan Province.

⁶Secured on Salt Tax of Szechwan area.

**LOANS* EXTENDED TO CHINA BY BRITISH AND AMERICAN GOVERNMENTS
DURING THE WAR**

From Great Britain

1938	Export Credit Loan	£ 3,500,000
1939	Currency Stabilization Loan	£ 5,000,000
1940	Currency Stabilization Loan	£ 5,000,000
1941	Credit Loan	£ 5,000,000
1942	Credit Loan	£50,000,000
	Total	£68,500,000

From the United States

1938	Wood Oil Loan	US \$ 25,000,000
1940	Tin Loan	US \$ 20,000,000
	Wolfram Loan	US \$ 25,000,000
1941	Currency Stabilization Loan	US \$ 50,000,000
	Credit Loan	US \$ 50,000,000
	Mineral Products Loan	US \$ 60,000,000
1942	Credit Loan	US \$500,000,000
	Total	US \$730,000,000

*Represent only loans announced to the Public.

**LIST OF INTERNAL LOANS ISSUED BY NATIONAL GOVERNMENT
BETWEEN JULY, 1937 AND 1942**

Kinds	Date of Issuance	Amount	Interest	Discount
National Liberty Bonds	September, 1937	NC\$ 500,000,000	4%	0
26th Year Kwangsi Currency Re-adjustment Loan	December, 1937	NC\$ 17,000,000	4%	0
27th Year National Defense Bonds	May, 1938	NC\$ 500,000,000	6%	0
27th Year Gold Loan	May, 1938	C.G.U. 100,000,000 £ 10,000,000 US\$ 50,000,000	5% 5% 5%	0 0 0
27th Year Relief Loan	July, 1938	NC\$ 30,000,000	4%	98
28th Year Reconstruction Loan	April, 1939	NC\$ 600,000,000	6%	0
28th Year War Supplies Loan	June, 1939	NC\$ 600,000,000	6%	0
29th Year Reconstruction Loan	March, 1940	£ 10,000,000 US\$ 50,000,000	5% 5%	98 98
29th Year War Supplies Loan	March, 1940	NC\$ 1,200,000,000	6%	94
30th Year War Supplies Loan	February, 1941	NC\$ 1,200,000,000	6%	0
30th Year Reconstruction Loan	February, 1941	NC\$ 1,200,000,000	6%	0
31st Year Allied Victory Loan	May, 1942	NC\$ 1,000,000,000	6%	0
31st Year Allied Victory Gold Loan	May, 1942	US\$ 100,000,000	4%	83.33
31st Year Thrift-Savings Gold Certificates	May, 1942	US\$ 100,000,000	3%	0

CAPITAL REDEEMED AND INTEREST PAID OF GOVERNMENT FOREIGN LOANS, 1940

	Amount Issued	Capital and Interest to be Paid			Capital Redeemed and Interest Paid	
		Amount of Capital Outstanding	Capital	Interest	Capital	Interest
Loans						
Anglo-German Loan of 1898	£16,000,000	£2,996,425	£700,400	£119,081	..	..
Reorganization Loan of 1913	25,000,000	19,691,880	537,020	959,022	..	..
Anglo-French Loan of 1908	5,000,000	250,000	..	11,250	..	..
Jap. Loan of 1912	5,000,000	3,666,971	..	182,349	..	..
Flickers-Marcion Loans	2,403,200	2,403,200	..	57,076	..	..
Kiangkung Loan of 1911	5,656,000	5,656,000	..	282,800	..	..
Wheat and Cotton Loan of 1931, 1933	US \$6,299,109	US \$5,500,000	..	US \$4,200,000	..	..
Chicago Continental Bank Loan of 1919	5,500,000	5,500,000	..	275,000	..	..
Pacific Development Corporation Loan	4,900,000	4,900,000	..	147,000	..	..
Shiangkwei Loan of 1938	Fr. 180,000,000	Fr. 144,000,000	Fr. 100,000,000	Fr. 10,080	..	..
Shiangkwei Two Loan of 1938	Fr. 1034,000,000	Y1,034,000,000	Y1,034,000,000	Fr. 12,600,000	..	..
"An Lee" Company Treasury Notes	\$1,910,000	\$1,910,000	\$1,910,000	\$120,000	Y188,000	Y188,000
					\$120,000	\$120,000
					Fr. 6,300,000	Fr. 6,300,000

CAPITAL REDEEMED AND INTEREST PAID OF GOVERNMENT INTERNAL LOANS, 1940

Capital Redeemed and Interest Paid						
Loans	Amount Issued	Amount of Capital Outstanding	Capital and Interest to be Paid		Capital	Interest
			Capital	Interest		
7th Year Long Term Currency Loan Consolidated Loan Recovery Loan	\$45,000,000 1,460,000,000 340,000,000	\$22,625,000 1,412,450,000 299,800,000	\$2,250,000 29,510,000 3,460,000	\$773,438 83,457,300 19,335,000	..	..
55th Year Kwangtung Currency Readjustment Loan	120,000,000	105,600,000	US \$80,000	US \$106,800	..	\$4,344,000
16th Year U.S.\$ Loan for Engineering Projects and Harbor Development in Kwangtung National Liberty Bonds	US \$2,000,000 \$50,000,000 17,000,000	US \$1,880,000 \$50,000,000 15,980,000	.. \$340,000 \$4,000,000 C.G.U. \$99,100,000	US \$20,000,000 \$20,000,000 \$640,400	..	\$20,000,000 649,400
60th Year Kwangtung Currency Readjustment Loan 7th Year National Defense Bonds	500,000,000 C.G.U. \$100,000,000 £10,000,000	494,000,000 C.G.U. \$99,100,000 US \$59,910,000	C.G.U. \$4,977,500 \$60,000,000 US \$360,000	29,800,000 C.G.U. 4,977,500 \$497,750 US \$488,750	C.G.U. \$600,000 £50,000 US \$300,000	29,800,000 C.G.U. 4,977,500 \$497,750 US \$488,750
77th Year Gold Loan 77th Year Gold Loan 77th Year Gold Loan 78th Year Construction Loan 78th Year Ammunition Loan 79th Year Ammunition Loan 79th Year Construction Gold Loan 79th Year Construction Gold Loan uping Railway Loan 33rd Year 6% Boxer Indemnity Sterling Loan 24th Year Szechwan Rehabilitation Loan 24th Year Electric Bonds	120,000,000 120,000,000 120,000,000 600,000,000 1,200,000,000 1,200,000,000 US £10,000,000 US \$50,000,000 \$12,000,000 £1,500,000 \$70,000,000 10,000,000 \$80,000,000 15,000,000 14,000,000 20,000,000	120,000,000 120,000,000 120,000,000 600,000,000 1,200,000,000 1,200,000,000 US £10,000,000 US \$50,000,000 \$12,000,000 £1,500,000 \$70,000,000 10,000,000 \$80,000,000 15,000,000 14,000,000 20,000,000	.. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. ..	18,000,000 18,000,000 18,000,000 36,000,000 36,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000	.. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. ..	18,000,000 18,000,000 18,000,000 36,000,000 36,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000 18,000,000
55th Year Szechuan Rehabilitation Loan 55th Year Szechuan Bonds 3rd Issue 55th Year Nanking-Kiangsi Railway Loan 66th Year Nanking-Kiangsi Railway Loan	15,000,000 14,000,000 14,000,000 14,000,000	\$1,382,500 \$12,300,000 \$13,200,000 \$10,000,000	\$1,680,000 \$141,000 \$2,400,000 \$4,000,000	\$1,680,000 £52,170 \$2,394,000 \$4,080,000	\$1,680,000 \$52,170 \$8,400,000 \$4,080,000	\$1,680,000 \$52,170 \$8,400,000 \$4,080,000
Dai-kiang Dai-kiang Dai-kiang Dai-kiang	600,000 600,000 600,000 600,000	600,000 600,000 600,000 600,000	.. .. .. ..	600,000 600,000 600,000 600,000	.. .. .. ..	600,000 600,000 600,000 600,000

CAPITAL REDEEMED AND INTEREST PAID OF BOXER INDEMNITY, 1940

Country	Amount Issued	Amount of Capital Outstanding	Capital and Interest to be Paid		Capital Redeemed and Interest Paid	
			Capital	Interest	Capital	Interest
Great Britain	£7,593,082	£2,282,689	£573,499	£22,962	:	:
Japan	5,014,226	1,228,842	378,720	15,176	:	:
Portugal ¹	13,838	3,391	1,045	42	:	:
Norway and Sweden	9,423	1,397	712	29	:	:
U.S.A.	US \$24,440,779	US \$5,942,018	US \$1,845,991	US \$73,796	:	:
France	Fr. 265,793,400	US \$14,835,910	US \$3,873,567	Fl. 155,229	:	:
Belgium	31,816,294	US \$1,148,687	US \$463,678	18,581	:	:
Netherlands	Fl. 1,464,652	Fl. 208,300	Fl. 106,092	Fl. 4,202	:	:
Spain	Fr. 507,431	Fr. 75,248	Fl. 38,326	Fr. 1,336	:	:

CHAPTER VI

COMMUNICATIONS

ADMINISTRATION

For centuries in China, matters relating to communications and transportation were not placed under any particular branch of the government. It was not until the close of the Manchu dynasty, or at the beginning of the 20th century, that a Ministry of Communications and Posts was established. This ministry was abolished after the establishment of the Republic and in its place the Ministry of Communications came into being.

After the completion of the Northern Expedition in 1928, the National Government took over from the defunct Peking Government all matters concerning communications and placed them under one unified organization. The Ministry of Railways was established in 1928 to take charge of railway construction and administration. This ministry was merged into the Ministry of Communications in January, 1938, in accordance with the Government's policy of readjusting communications organizations. In the same way the highway department of the National Economic Council was also handed over at the same time to the Ministry of Communications.

For a year and a half beginning July 1, 1941, highway administration including engineering, transportation, control and inspection was handled by the Transport Control Bureau under the National Military Council. At the end of 1942, however, the entire administration of this important phase of communications was returned to the Ministry.

Today there are six branches of services under the Ministry of Communications. They are: railways, highways, waterways, civil aviation, posts and tele-communications, and stage transportation.

Until recently the Ministry was headed by Mr. Chang Kia-ngau. He resigned early in December, 1942, and was succeeded by Mr. Tseng Yang-fu.

Before Mr. Chang joined the Government to direct communications, he had had a banking career of twenty-three years. When he took up the portfolio of Railways, he foresaw that large funds would be necessary to rehabilitate the

old roads and to build new ones, and, in order to attract new investment, railway credit and national credit would have to be restored. To this end, he devoted his first two years to a thorough re-organization of the different railway administrations in order to increase their operating efficiency and traffic revenues. At the same time he regulated those railway bond issues which had been in default, and succeeded in resuming their loan service. His labor was well-rewarded in that he was able to obtain new loans with which to start his construction program. His services with the Ministry of Communications since early 1938, when the Ministry of Railways was merged into the Ministry of Communications, were equally progressive and successful despite the numerous wartime difficulties.

RAILWAYS

Seventy-six years ago (in 1876) the first—and shortest-lived—railway in China was laid from Shanghai to Woosung by British promoters who had obtained the grudging consent of the Manchu authorities. The Shanghai-Woosung Railway of two-feet-six-inches gauge was only ten miles in length. Operation of this short railway was soon stopped as the Manchu government bought it and tore it up. Beginning with the days of this first attempt, the history of China's railways has been full of vicissitudes. At the outset the antagonism of the obstinate ruling officials against the enlightened statesmen of the time had to be contended with. Concessions made to, and vested interests of, various Powers as well as political changes and unease have greatly handicapped the development of railway construction in China.

Up to the time of the Mukden Incident (September 18, 1931), the total length of railways in China, including all government-owned, provincial and private-owned, was less than 15,000 kilometers. Traversing over or passing through only one-eighth of the national territory, most of the railways were located in North China and the North-eastern provinces.

In view of the importance of railways to national defense and military operations, Generalissimo Chiang Kai-shek in 1936 drafted a five-year railway construction plan. Based on the ideas laid down by Dr. Sun Yat-sen, the plan called for the construction of 8,500 kilometers of railroads within five years, with special emphasis on the Northwest, the Southwest and the Southeast (areas south of the Yangtze River). The plan aimed at the formation of a national railway network and was designed to enhance the welfare of the people and to meet the needs of national defense.

Efforts made by Mr. Chang Kia-ngau, then Minister of Railway, to restore railway credit and increase efficiency were successful and the first stages of the construction program progressed smoothly and rapidly. The war, however, rendered the execution of this important plan either too difficult or impossible for the present. Even then, what was completed before the outbreak of the war became a great help in military and ordinary transportation during the first phase of the war.

Among the more important achievements in connection with the five-year railway construction plan are the following:—

- (1) The Chuchow-Kuklong (Shaokwan) section of the Canton-Hankow Railway of 456 kilometers was opened to traffic in April, 1936;
- (2) The Canton-Hankow and the Canton-Kowloon Railways were connected and through traffic began ten days after the war broke out;
- (3) Extension of the Lunghai Railway from Sian to Paoki (174 kilometers) before the war;
- (4) The Nanchang-Pinghsiang section of the Chekiang-Kiangsi Railway was rushed to completion and opened to traffic within a month's time after the war broke out;
- (5) Completion of the 75-kilometer Soochow-Kashing Railway;
- (6) Completion of the Hangchow-Tsao-wokiang section and the bridge across the Chientang River;
- (7) Construction of the 365-kilometer Hengyang-Kweilin section of the

Hunan-Kwangsi Railway at a speed of one kilometer a day. The work was begun three months after the war broke out and completed in October, 1938. A speed record in railway construction in China was thus set. (The previous records were an average of 12 days per kilometer on the Peiping-Liaoning Railway and six days per kilometer on the Shanghai-Nanking Railway.)

Besides, there were several new construction works which, completed before or shortly after the war began, had to be destroyed as necessitated by the war situation in certain areas. Examples are the dynamiting of the Chientang River Bridge, the Yellow River Bridge at Tungkwan, and the railway from Chennankwan to Tungkiang on the Chennankwan-Nanning section of the Hunan-Kwangsi Railway, after the fall of Nanning. Shortage of materials due to transportation difficulties in wartime has caused suspension or slowing-down of construction of new lines. The 525-kilometer Chungking-Chengtu Railway is a good example. Work on this road began before the war and a large part of the railway foundation work has been completed, but due to the fact that necessary materials failed to be shipped in before the enemy blockade of the Yangtze, actual construction had to be suspended.

CONSTRUCTION IN WARTIME

After five and a half years of war only a little more than ten per cent of the old railways in coastal provinces or in North China remained in Chinese hands. Up to September, 1942, only 1,148 kilometers of all the lines constructed before the war were in operation in Free China. Statistics of the Ministry of Communications show that up to that time 1,207 kilometers of new railways had been constructed while 613 kilometers were under construction.

Practically all of the projected or partially completed railway lines in the Southwest and Northwest pass through difficult terrain characterized by high hills, steep passes, and thinly populated areas. This is particularly true with the Yunnan-Burma, the Kweichow-Kwangsi, and the Suifu-Kunming lines, the construction of which had to be preceded by building highways first in order to facilitate the transport of materials and equipment.

Among the railway construction undertakings during wartime are:

(1) The Hunan-Kwangsi Railway—From Hengyang in Hunan, the road is planned to terminate at Chennankwan on the China-Indo-China border, with a total length of 1,029 kilometers. Construction of the railway is divided into four sections. The first section from Hengyang to Kweilin (361 kilometers) was completed in 12 months at a record speed of one kilometer a day and it was opened to traffic on October 1, 1938. This section of the road played an important part in the evacuation of Canton and Hankow and the removal of both governmental and private properties from the war areas. Work on the second section of 174 kilometers from Kweilin to Liuchow began in August, 1938. It was opened to traffic on December 17, 1939.

Work on the 268-kilometer Liuchow-Nanning section began in 1938 but was entirely suspended in December, 1939, following enemy occupation of Nanning. After Nanning was recovered, construction of the Liukiang bridge was resumed and completed in 1940. Now through traffic is maintained by the Kweichow-Kwangsi Railway with the Hunan-Kwangsi and the Canton-Hankow lines. The section between Liuchow and Laiping, where rich coal mines are located, is also open to traffic.

The fourth section, 234 kilometers in length, which connects Nanning with the Dongdang station of the Indo-China Railway, four kilometers from Chennankwan, traverses a difficult terrain. As required by a loan agreement, engineering work on this section was entrusted to the French and work began in April, 1938, from the Chennankwan end. Between May and December, 1939, rails were laid over the 67-kilometer section from Dongdang to Ningming. But on account of the battle of Nanning work was suspended and a part of the rails taken up and carried into Indo-China. Some of the rest of the rails and materials were later used to construct the Kweichow-Kwangsi Railway.

(2) The Yunnan-Burma Railway—From Kunming to Kunlong on the border of Burma, this road is 880 kilometers in length and was calculated to serve as a main international supply line. Surveying work on the whole line was completed early in 1938 and building commenced in November, 1938. Circumstantial difficulties, particularly

since the outbreak of the Pacific war, have caused the suspension of construction. Rails have been laid on only the 34-kilometer section from Kunming to Anning.

(3) The Suifu-Kunming Railway—This road covers a distance of 859 kilometers from Kunming to Suifu (Ipin) in Szechuan, via Hsuanwei and Weining. Construction began in November, 1938. As the line was planned to connect at Kunming with the Yunnan-Indo-China Railway, arrangements were made with French authorities to supply construction materials on credit. This agreement, however, was never carried out as a result of the European war and the subsequent French capitulation. The engineering work was thus affected, and at present only the 162-kilometer section from Kunming to Chutsing is in operation.

(4) The Kweichow-Kwangsi Railway—With a length of 620 kilometers, the line connects with the Hunan-Kwangsi Railway at Liuchow and forms an important trunk line in Free China. Surveying work began in April, 1939. All materials necessary for this line are drawn from the projected Hunan-Kweichow Railway and also from certain dismantled sections of the Chekiang-Kiangsi Railway. Traffic was opened from Liuchow to Chinchingkiang of Hochih hsien (160 kilometers) at the end of January, 1941. Work is being continued on the section between Hochih and Kweiyang.

(5) The Hsienyang-Tungkwan Branch Line—Constructed primarily for the purpose of supplying and transporting Tungkwan coal for railway use, this line is a feeder line of the Lunghai Railway. Connecting Hsienyang and Tungkwan, with a length of 138 kilometers, the whole line has been completed.

(6) The Paoki-Tienshui Railway—This line is an extension of the Lunghai Railway. Linking Paoki and Tienshui, the terrain covered by the 168-kilometer line is full of high mountains. No less than 107 tunnels, with an aggregate length of 22 kilometers, will have to be cut through the mountain sides. Up to the summer of 1942, 37 per cent of the engineering work was completed.

(7) The Tienshui-Chengtu Railway—Surveying work on this line of 750 kilometers has been completed.

(8) The Kikiang Railway—Construction on this short line (86 kilometers)

which runs from Kiangtsin to Kikiang (in Szechwan), begun in the summer of 1942, is hoped to be completed in the near future.

(9) The Chengtu-Chungking Railway—Most of the stone and earth work on this road has been completed but due to shortage of materials, there is no immediate prospect of rail-laying.

TABLE 1.—RAILWAYS IN OPERATION IN JANUARY, 1943

Railways	Terminals	Distance
Canton-Hankow	Kukong to Siangtan	491 kilometers
Hunan-Kwangsi	Hengyang to Laiping and branches	647 ,,
Kweichow-Kwangsi	Liuchow to Chelin	230 ,,
Lunghai	Loyang to Paoki and branches	680 ,,
Szechwan-Yunnan	Kunming to Chutsing	160 ,,
Yunnan-Burma	Kunming to Anning	36 ,,
Yunnan-Indo-China	Kunming to Pishihchai...	288 ,,
Pei-Chuan		15 ,,
Ku-Pi-Shih	Pishihchai to Kuchi to Shihping	178 ,,
		2,725 kilometers

During the period from October, 1941 to the end of August, 1942, more than 9,000,000 passengers and 3,200,000 troops were carried by these lines which also hauled more than 1,200,000 tons of freight and half a million tons of military supplies.

In conformity with the decision of the Ministry of Interior, the Kansu-Szechwan Standard Time (same as Chungking Time) has been introduced as the standard time for all the railways.

LIQUIDATION OF LOST RAILWAYS

During the period from July, 1937, to the end of 1939, no less than 16 railways were totally lost as a result of enemy occupation of the territory they traverse. These lines were either dismantled by order of the Government for military reason or seized by the enemy. The 16 lines are: the Peiping-Liaoning, Peiping-Suiyuan, Nanking-Shanghai, Shanghai-Hangchow-Ningpo, Chengting-Taiyuan, Kiao-chow-Tsian, Tientsin-Pukow (including the train ferry from

Nanking to Pukow), Nanking-Kiangsi, Peiping-Hankow, Canton-Kowloon, Nanchang-Kiukiang, Tatung-Puchow, Hui-nan, and the private-owned Nanking-Wuhu, Sunning, and Swatow-Chaochow Railways.

All of these lost railways have been declared in liquidation. On February 10, 1939, a Committee for the Control of Suspended Railways was formed. The committee is charged with the supervision and direction of the liquidation of government railways which have suspended operation and also with the custody of their properties after liquidation. The Ministry of Communications, in preparation for the restoration of the lost railways, instructed the committee to study and devise projects for the rehabilitation and improvement of the respective railways as soon as they are recovered.

WAR TRANSPORTATION

Chinese railways had to assume the heavy burden of transporting troops and materials immediately upon the

outbreak of the war with Japan. Close co-operation has been maintained by the Ministry of Railways (and later the Ministry of Communications after the amalgamation of the Railway Ministry) and the Railway Transportation Headquarters under the National Military Council.

War transportation may be summarized and grouped into six stages. The first stage began from July 7, 1937, to the fall of Nanking. During this period war spread over the Peiping-Liaoning, the Peiping-Suiyuan and the northern sections of the Peiping-Hankow and Tientsin-Pukow Railways. The Chengting-Taiyuan and the Tatung-Puchow Railways were soon affected. These railways had to undertake military transport and look after their own requirements and the evacuation from war areas of important materials and equipment. When the war broke out on August 13, 1937, in the Shanghai area, the carrying capacities of the railways such as the Shanghai-Nanking, the Shanghai-Hangchow-Ningpo and the Soochow-Kashing lines were taxed to a maximum. Under continuous enemy artillery fire and air-raids, all operations were conducted under great risk and uncertainty. During the period from July to December, 1937, the railways in operation moved a total of 4,467,376 officers and men and 1,236,629 tons of military supplies.

The period from the evacuation of Nanking through the great battle of Hsichow and up to the loss of Kaifeng marked the second stage. During this stage the direction of the war was gradually moving from the Eastern Front to the West and a stalemate prevailed in Chekiang, Kiangsi, Kiangsu, Anhwei and south of the Yangtze River. Enemy troops advanced northward along the Tientsin-Pukow Railway and southward from Tientsin and across the Yellow River, in a pincer movement on Hsichow. The tension thus created on the entire Tientsin-Pukow Railway and sections of the Peiping-Hankow, the Lunghai as well as the Chekiang-Kiangsi Railways was tremendous. Large-scale evacuation of civilians and materials toward the interior during this stage was perhaps most significant. When Hsichow was threatened, the Peiping-Hankow Railway daily ran 30 trains, a record unsurpassed in China's war transportation. The great victory at Taierchwang was attributed in part to the high degree of efficiency of the

railway workers and their devotion to duty. During this stage, from January to June, 1938, the railways carried a total of 4,337,777 officers and men and 1,146,998 tons of military supplies.

The third stage started with the evacuation of Kaifeng up to the preparatory stage by the enemy for the siege of Hankow. War was then raging in the northwest and the western section of the Lunghai Railway was also affected. Enemy batteries on the north bank of the Yellow River kept up their barrage at the railroad on the opposite bank at Tungkwan. Despite the regular bombardment, traffic remained uninterrupted. Enemy troop movements were at the same time gradually converging on the Wuchang-Hankow area. The burden of transport then fell on the Peiping-Hankow Railway. Through traffic from Canton to Hankow was never for a day relaxed. Realizing the tremendous economic value of the Canton-Hankow line which hauled supplies northward from Hongkong, the enemy raided by air the railway on the average of once every ten hours. During the period from July to December of 1938, the railways moved a total of 2,647,583 officers and men and 486,163 tons of military supplies.

The fourth period followed with the enemy occupation of Canton and Hankow up to the loss of Nanning. After the evacuation of the Canton and Hankow areas, the war verged toward western Hupeh and northern Honan, northwest of Canton, and southern Kwangsi. With both ends of the Canton-Hankow Railway held by the enemy, railway traffic took an inevitable turn westward, making Hengyang and Kweilin new transportation centers. Up to the loss of Nanchang, the Chekiang-Kiangsi Railway assumed the functions of a trunk line. For several months through traffic was maintained from Kin-hwa all the way to Hengyang and Kweilin, constituting a supply line equivalent to that from Hongkong to Hankow. Completion of the Hengyang-Kweilin section of the Hunan-Kwangsi Railway formed a much needed outlet for large quantities of materials and rolling stock withdrawn from the Northern railways to the Canton-Hankow line. During the period from January to December, 1939, the four railways concerned (Lunghai, Canton-Hankow, Chekiang-Kiangsi and Hunan-Kwangsi) moved a total of 2,823,872 officers and men and 359,863 tons of military supplies.

In the history of war transportation the year 1940 may be designated as the fifth stage. A characteristic of this period was the great hampering of enemy movements. The sections of railways under Chinese control enjoyed a breathing spell to get consolidated and stabilized. During this period the railways (Canton-Hankow, Chekiang-Kiangsi, Lunghai, and Hunan-Kwangsi) carried a total of 8,297,574 passengers, 2,915,725 military personnel, and hauled 1,195,593 tons of commercial goods and 475,984 tons of military supplies.

The sixth stage is from the beginning of 1941 to the close of 1942. Parts of the Kweichow-Kwangsi and the Suifu-Kunming Railways as well as several smaller branch lines were in operation. Several sections of old railways, such as sections of the Chekiang-Kiangsi, the Canton-Hankow and the Lunghai Railways, were dismantled. During the period from January, 1941 to the end of August, 1942, the railways carried a total of 17,042,763 passengers and 4,495,620 troops and also 970,071 tons of freight, including military supplies and commercial commodities.

WARTIME SERVICE

Railway workers in wartime have in most cases carried out their duties faithfully even under heavy enemy fire or bombardment. As a result of frequent enemy action against railway junctions and bridges, emergency engineering corps have been organized on each railway and relief engineering cars placed ready for any emergency work. Persistence and promptness in repair work has greatly contributed to the maintenance and continuation of railway service in certain areas.

During the first stage of the war the southern section of the Canton-Hankow Railway and the Canton-Kowloon Railway, owing to their importance as international supply lines, were heavily bombed by the enemy. Later the enemy changed their tactics from small-scale bombings on all railroads to concentrated aerial bombardments on some particularly important points. Within a period of two years after the war broke out, the whole length of the Canton-Hankow Railway was bombed 827 times during which 9,789 bombs were unloaded by the enemy. As a result of these bombings 179 railway employees were killed or injured.

The Tungkwan and Lingpao bridges on the Lunghai Railway, owing to their

location along the Yellow River which has been under constant enemy artillery fire, have been frequently damaged. But each time the bridges are damaged they are soon repaired so that traffic may not be held up.

The engineers have another important duty to perform—that of dismantling and removing rails, ties, parts of bridges and other equipment just before Chinese troop withdrawals or enemy approach, and also the dynamiting of the road-bed and all materials that cannot be taken away.

At the very outset of the war the Ministry of Communications promulgated two significant instructions. The first was to repair and keep on repairing any damaged portion of the railway or railway property under all conditions and at all costs; and the second was never to evacuate unless told to do so by the military authorities concerned. These two simple and yet fundamental commandments have now become a tradition. Although in their faithfulness to this tradition many railway workers have been killed, such contribution toward military and civilian transportation is of great value.

HIGHWAYS

Systematic construction of highways in China started late but has had a relatively rapid growth. The first highway for motor traffic was built in Hunan in 1912. It ran from Changsha to Siangtan. Five years later, in 1917, a Kalgan-Urga Motor Company was established for transportation business. The company built a highway from Kalgan (Changchiakou) to Urga (Kulun) and was the first commercial highway transportation concern in China. Since then highway construction was left to the discretion of different provincial authorities. In 1929 the National Roads Planning Commission was organized. Belonging first to the Ministry of Communications and later to the Ministry of Railways, the commission made plans for the construction of "national ways" throughout China with Lanchow as the center. However, it was not until 1932 with the establishment of the National Economic Council that a Bureau of Roads (one of the departments under the Council) was organized to handle centralized planning, construction and supervision of highways on a national scale.

Within the short space of five years up to the time when war broke out in 1937,

rehabilitation and extension of motor roads was carried out with great speed, first in the Southeastern provinces and later extended to provinces in the Southwest and Northwest. With central and provincial authorities pushing the road-building work together, highway networks began to take form in practically all the provinces. In July, 1937, highways in China totalled 109,500 kilometers, 25,000 kilometers being surfaced roads and 84,500 kilometers earth roads.

Up to the summer of 1942, of the highways constructed before the war 76,604 kilometers remained in Chinese hands. In addition, 6,023 kilometers of new highways have been built, 5,407 kilometers of roads were either under construction or being surveyed, while another 2,754 kilometers were projected, making a total of 90,780 kilometers. Length of roads in proportion to territorial areas has greatly increased over the pre-war ratio.

In consequence of the heavy losses sustained by the railways and due to the fact that motor roads can be built more easily and at lower cost, highways have assumed a leading role in both military and civil transportation in wartime China. The increasing importance of highways led to the establishment of the Bureau of Highways under the Ministry of Communications in January, 1938. The bureau took over from the National Economic Council administration of all existing highways and was charged with the construction and maintenance of new and old roads. In August, 1939, the National Highway Transport Administration was established as an additional subsidiary organization under the Ministry. It was charged with complete control of all matters pertaining to civil transport on the highways and the supervision of all highway administrations in order to meet urgent military and commercial requirements and to enhance the capacity of export and import commodities. With this organization in operation, functions of the Bureau of Highways were limited to highway construction and engineering and traffic control.

With highway construction centralized and systematized, motor roads in China were grouped into three main sections. The Southwest highway network has Kweiyang as its center, the Northwest network has Lanchow as its center, while Chengtu is the pivot of the intermediary group linking the Southwestern and the Northwestern networks.

(The Northwest system runs from Hankow through the provinces of Honan, Shensi, Kansu into Sinkiang. The Southwest runs from Hunan through Szechwan, Yunnan, Burma, Kwangsi and Kwangtung. The intermediary network, connecting the two, runs from Szechwan to Shensi and Kansu.)

Both the Bureau of Highways and the National Highway Transport Administration were transferred to the Transport Control Bureau under the National Military Council in July 1941. At the end of 1942, however, all matters relating to highway construction and transportation were transferred back to the Ministry of Communications.

Highways in different sections of the country are placed under regional administrations. The Northwestern Highway Transportation Administration is in charge of passenger and freight traffic in the Northwest, and the Southwestern Highway Transportation Administration in the Southwest. The management of the Yunnan-Burma Highway is separated from the Southwestern Highway Transportation Administration.

CONSTRUCTION OF NEW ROADS

In view of the importance of highways to wartime transportation, construction of highways has been speeded up during the war years while those already built have been greatly improved and resurfaced. Within the first two and a half years after war broke out, 3,223 kilometers of new roads were built and 17,824 kilometers of old highways were improved. On the average 1,290 kilometers of new roads were constructed and 7,130 kilometers of old roads were improved each year.

Standards for highway construction were fixed by the Government, providing that the width of road base on trunk highways must be at least 12 meters, on secondary lines nine meters, and on branch or feeder lines seven and a half meters. The maximum degree of elevation on slopes was fixed at six per cent unless under special conditions when it could be increased to eight per cent. Maximum and minimum standards or requirements have also been fixed for road curves, road surface, and bridges.

In the construction of highways in wartime, emphasis has been laid on building, connecting and maintaining international lines and arteries linking provinces in the interior. Besides the famous Yunnan-Burma Highway several other highways

connecting with roads or railways beyond the national borders have been built, extended or improved. In the Northwest is the 2,674-kilometer highway which runs from Lanchow to the Chinese-Soviet border via Sinsinchia and Tihwa (Urumchi). Another international line was built in the South from Cheho on the Kweichow-Kwangsi Highway to Yohsu on the Kwangsi-Indo-China border via Tienchow and Maping. Work on this road began in March, 1939, and was completed in January, 1940. The road took the place of the Nanning-Chennankwan Highway after Nanning fell into enemy hands. The Kunming-Hokow Highway between the Yunnan provincial capital and the Yunnan-Indo-China border town (496 kilometers) was built in 1940 to supplement transportation over the Yunnan-Indo-China Railway which was then under constant Japanese bombings. Both lines, however, lost their value as soon as the enemy occupied Indo-China.

Another international line built after the war began is the Canton-Hongkong Highway via Shumchun which served as a feeder or supplementary line of Canton-Kowloon Railway before Canton was lost. The length of this highway is 163 kilometers.

Plans for the construction of a highway from China to India had been under way following the enemy occupation of Indo-China. At the beginning a line running from Sichang to Sadiya with an estimated length of approximately 1,500 kilometers was projected. Later, another line to the north of the first was planned. Surveying work on the southern or the first line has been completed but no actual construction work has yet begun.

Construction of highways for military uses is carried out directly by the provincial authorities in whose territories the projected lines lie or pass through. The Bureau of Highways, however, provides the provincial authorities concerned with all necessary assistance in the form of technical advice and construction supervision. Subsidies are also given besides sending technical staff of the bureau to various provinces.

Among the important highways built since the war are the following:

Szechwan-Hunan Highway.—The 698-kilometer section from Kikiang in Szechwan to Chatung in Hunan (on the Hunan-Szechwan border) was completed in 1938, linking the two provinces directly by highway.

Hengyang-Paoching and Tungkou-Yushuwan Highways.—These two lines with an aggregate length of 284 kilometers connect the provinces in the Southeast with Szechwan, Kweichow and Yunnan. The highways were built in 1939 by the Hunan provincial authorities with funds appropriated by the Central Government.

Ankang-Paiho Section of the Hanchung-Paiho Highway.—The 259-kilometer section between Ankang and Paiho in Shensi, together with the 266-kilometer section from Nancheng to Ankang are important motor-road links between southern Shensi and northern Hupeh.

Tienshui-Shuangshihpu Highway.—This highway of 231 kilometers from Tienshui in southeastern Kansu to Shuangshihpu in southwestern Shensi forming junctions with the Sian-Lanchow and Szechwan-Shensi Highways was completed in 1939 by Kansu provincial authorities with funds from the Central Government.

Hohsien-Lienhsien Highway.—This highway of 150 kilometers linking Hohsien in eastern Kwangsi and Lienhsien in northern Kwangtung was built in 1939 by Kwangtung and Kwangsi provincial authorities with Central Government appropriations. It has served well in the inter-provincial communication between the two provinces.

Szechwan-Yunnan Highway.—Known also as the Szechwan-Yunnan Eastern Highway, this road from Luhsien to Kunming direct is 240 kilometers shorter than the Chungking-Kunming highway via Kweiyang. The highway passes through extremely difficult mountainous terrain, and crosses seven large rivers which are covered by means of two bridges and five ferries.

Neikiang-Loshan Highway.—The 190-kilometer highway runs from Neikiang to Loshan via Tzeliutsing. Crossing through central Szechuan, it connects with the Chungking-Chengtu and Loshan-Sichang trunk lines. The road was completed at the end of 1940.

Sichang-Hsiangyun Highway.—Construction of this highway linking Sichang in Sikang and Hsiangyun in Yunnan on the Yunnan-Burma Highway began on December 1, 1940. Branching off the Burma Road west of Kunming, the road runs almost straight north, most of it through mountainous terrain. The road assumed primary importance in the fighting along the Yunnan-Burma Highway in 1942.

Loshan-Sichang Highway.—Running from Loshan to Sichang via Omei,

Chinhokou, Fulin and Mieming, the road is 524 kilometers in length. Work began in August, 1940. Construction got under way even before surveying was completed. This highway from Szechwan to Sikang traverses vast stretches of sparsely populated country. Most of the workmen had to be brought from central and eastern Szechwan. Owing to scarce means of transportation, many of the workers went on foot for several hundred kilometers to reach their places of work.

Loiwing-Wanting Highway.—Although only 59 kilometers in length, the Loiwing-Wanting Highway served well as a supplementary line on the western section of the Yunnan-Burma Highway. Bhamo in Burma can be reached via this road.

Kweilin-Sansui Highway.—Starting from Kweilin, the road connects with the Hunan-Kweichow Highway. Passing through the provinces of Kwangsi, Hunan and Kweichow, direct connection without passing through Liuchow is made between Kweilin and Kweiyang. The length of the road is 479 kilometers. Work began in January, 1940 and construction was undertaken by sections. Earth road was completed in March, 1941. Road-surfacing work was 90 per cent completed in October, 1942.

Besides the new highways constructed, improvement work has progressed constantly on the existing highways. Improvement work includes reducing of road curves, resurfacing of certain sections of the highways, strengthening of bridges, viaducts and ferries, and widening of roads. The extent of road improvement work can be seen from the fact that within the 11 months from October, 1941 to August, 1942, improvement work was carried out on a total length of 15,899 kilometers.

YUNNAN-BURMA HIGHWAY

Much has been said or written about the Yunnan-Burma Highway which is popularly known as the Burma Road. This famous highway connecting China's backdoor with Burma is almost a legend in itself. Previously considered impossible, the highway measuring 960 kilometers from Kunming to Wanting on the China-Burma border was completed and opened to traffic after only about eight months of work. To construct the road, some 160,000 men, women and children were mobilized and set to work, using mostly only crude implements such as spades, chisels, picks and baskets. Only less than

\$10,000,000 was spent on this gigantic road which runs through a difficult and mountainous country and fever-ridden areas. As a great human achievement, construction of the Burma Road—particularly during wartime and without much machinery—has been compared to the building of the Union Pacific Railway in the United States. Traversing difficult terrain, the Yunnan-Burma Highway is well-known as a hard road. When it was first completed, the general fear was that during the monsoon season (June to September) there would probably be many dangerous landslides which might make the road impassable. However, due to constant, untiring efforts to keep the highway open to traffic, no landslide ever caused the suspension of traffic on any section of the road for more than 48 hours at a stretch. Millions of dollars have been spent since the completion of the highway to improve the general condition, reduce curvature, strengthen bridges and viaducts, widen the road surface, and provide health station facilities.

The section from Kunming to Hsiakwan (411 kilometers) was first built by the Yunnan Provincial Government in 1935. It was later resurfaced and improved. Work on the Hsiakwan-Wanting section began in the winter of 1937 and traffic on the whole road was opened late in 1938.

In the summer of 1940, the Burma Road was closed by British authorities for three months. It was reopened on October 18, 1940. Seven minutes after midnight, October 17, a fleet of 60 trucks left Lashio for Kunming via the Yunnan-Burma Highway. Traffic on the road was heavy and ever-increasing until April, 1942 when the loss of Burma made the famous "back-door supply route" lose its significance for the time being. In autumn, 1941, the monthly capacity of the road had reached 15,000 tons; the previous average amount transported per month was only 9,000 tons.

From November, 1941 to the end of January, 1942, 125 kilometers of the Burma Road (from Wanting on the border to Lungling in west Yunnan) was asphalted at a cost of \$7,000,000. Six thousand villagers, conscripted from adjoining districts, including many aborigines of both sexes, were placed under three contracting firms. In addition, the Yunnan-Burma Highway Administration fielded its own engineering Labor Corps of 7,000 men.

To help improve transportation efficiency on the Burma Road, Harry Hopkins, Lend-Lease Co-ordinator of the U.S. Government, in 1941 sent a mission of three highway experts to study actual conditions of the road and plan for handling heavier traffic. The mission was headed by Daniel Arnstein, head of the huge New York Terminal Cab Company, with 30 years of trucking experience in the United States. The other members were Harold Davis and Marco Hellman, also traffic experts. In his report published in *Life* magazine, Arnstein described the Yunnan-Burma Highway as follows:

"My first sight of the Burma Road was at Kunming, the Chinese terminus and the last flat spot before this incredible highway begins. There is nothing like this Burma Road anywhere else in the world. When you see it, you understand the American engineer who exclaimed, 'My God, they scratched these roads out of the mountains with their fingernails.' From Kunming, at one end, the road winds perilously for 726 miles through the jagged Burma mountain ranges, over the deep Mekong and Salween canyons and down to the British end in Lashio. A crow with a liking for high altitudes could fly it in 360 miles, but after Kunming we never saw as much as one-eighth of a mile of straight road ahead.

"The Burma Road is only a few years old, for the Chinese built it after the war began. Yet it was built with the same technique used 2,000 years ago on the Great Wall of China. Each village and hamlet along the way supplies the workers who are still finishing the road. They bring with them their own food and adzes to chip the rock by hand. Then they haul the earth away by hand in baskets. During the early stages of the work, 200 out of every 250 workers died of malaria. Any laborer in the United States would refuse to work under conditions which I saw 10-year-old children quietly enduring. There were landslides, 1,000-ft. precipices and great bomb holes."

HIGHWAY TRAFFIC CONTROL

The Transport Control Bureau under the National Military Council was established in March, 1940. On July 1, 1941 the bureau took over from the Ministry of Communications control of highway transportation. After 18 months, close to the end of 1942, matters relating to highway transportation were

again placed under the administration of the Ministry of Communications.

One of the chief functions of the Transport Control Bureau is centralized inspection and examination. Sixty-one inspection stations have been set up at highway and waterway communication junctions while prior to the establishment of these stations under unified control there were more than 700 inspection units operating under different authorities. The bureau amalgamated 349 inspection units in 11 provinces and put out of commission 373 unauthorized inspection units in 12 provinces.

From July, 1941 to September, 1942, the bureau handled 3,679 cases of violation of regulations or law by motor vehicles, 71 out of which were serious cases. During the same period the administration seized 1,155 tons and 705 kilograms of goods which were transported in violation of the law.

NATIONAL LICENCES

Since the establishment by the Ministry of Communications of the Motor Vehicle Licence Bureau in Chungking in August, 1939 (which was placed under the Transport Control Bureau in July, 1941), all matters relating to registration, examination and issuance of licences for motor vehicles, drivers and mechanics in the country were handled by one central office.

Drivers of all motor vehicles who were holders of driving licences issued by the National Communications Commission or various provincial or municipal authorities were required to apply, within a specified period of time, to the Motor Vehicle Licence Bureau or offices designated by the Ministry for a new national driving licence after submitting their original licences for examination. Examinations were held after expiration of this period for those who failed to apply for the exchange of licence or who had lost their original licences. Such examinations were also open to applicants who had completed driving courses. Up to the end of 1940, the bureau issued a total of 24,441 licences, including 23,644 professional licences, 691 ordinary licences, and 106 licences to those who were learning to drive.

National licences for all types of motor vehicles, excepting those for military use, are also issued by the bureau. Classified according to the types and service of vehicles, eight different kinds of licences (private passenger car,

passenger car for hire, trucks, special vehicles, motor cycles, testing or cars-on-trial, temporary, and postal trucks) are used. The national licences are valid throughout the country. Up to the end, of 1940, licences issued totalled 16,429 of which 11,829 were for trucks, 2,421 for passenger cars, 1,593 for buses, 338 for special vehicles, 16 for motor cycles and 232 for postal trucks.

On the highways along the national border, the bureau also set up branch offices to register and issue licences for new motor vehicles entering the country.

FUEL PROBLEM AND SUBSTITUTES

To save tonnage on trucks which usually had to reserve a part of their loading capacity to carry enough gasoline for single or return trips, the Ministry of Communications in March and May, 1941, signed contracts with British and American petroleum companies to supply fuel to motor vehicles on the highways by establishing filling stations. The Yunnan-Burma Highway was the first highway to have road-side filling stations which were located at Kunming, Chuhsiang, Paoshan and Hsiakwan. It was estimated that together these stations could supply enough gasoline to some 4,000 motor vehicles plying the road every month.

Following the outbreak of the Pacific war and especially after the enemy occupation of Burma, strict measures were enforced to limit consumption of gasoline. Efforts were made to improve and popularize gasoline substitutes and various types of converter systems or devices which provide other-than-gasoline power to motor vehicles. Among the gasoline substitutes are synthetic gasoline refined from vegetable oils which China produces in abundance, alcohol, natural gas, acetylene gas from calcium carbide, heavy oils, and charcoal. Among these, charcoal is most economical and no refining process is involved. All privately-owned lorries and buses as well as passenger buses on the highways were required to be converted into non-gasoline-powered cars.

Encouraging owners of trucks to convert their vehicles into non-gasoline vehicles, the Transport Control Bureau in September, 1942, announced that any truck owner who does not have sufficient funds to convert or remodel his truck or trucks can apply for a loan from the Bureau. Using the vehicles as collateral, the loans are to be paid back in four months' time.

Early in November, 1942, the Bureau sponsored a long-distance contest of charcoal-burning or heavy-oil-powered trucks to check up on efficiency and special merits of different types of trucks powered by neither gasoline nor alcohol. Open to all government-owned and private factories manufacturing or remodelling such motor vehicles, the contest covered the 488-kilometer distance between Chungking and Kweiyang. As gasoline or alcohol was only allowed to be used for starting, trucks fitted with apparatus using partly these volatile fuels and partly other fuels were not eligible to compete. Trucks participating in the contest each carried 80 per cent of the full-load capacity fixed by its manufacturer or remodeler. For hauling the loads to Kweiyang, contesting concerns were paid according to the regular highway transportation rates.

It was found, following the contest, that in general trucks using heavy oils were more expensive to operate but had better speed than charcoal vehicles.

Motor fuel has been less of a problem in the Northwest where promising oil wells have been and are being worked. Their present output is but a fraction of their potentialities. Circumstances limit the production to only as large as the capacity of the existing refining machinery. Even then, enough is produced to service trucks taking wool and tungsten to Soviet Russia via Sinkiang and returning from the border with Soviet barter goods.

A step of permanent importance is the formation of a fuel research committee by the Transport Control Bureau. More than 40 specialists have pooled their technical knowledge and experience for a more satisfactory solution of China's fuel problem. Plans, designs, charts and patents, formerly regarded as professional secrets, have been placed at the disposal of the committee for study and for perfection by joint efforts.

MOTOR VEHICLE REPAIRS AND SUPPLIES

With 14 complete sets of apparatus and tools for repairing motor vehicles purchased from the United States, the Ministry of Communications set up repair workshops in Chungking, Kunming, Kweiyang, Lanchow, Chengtu, Luhsien and Paocheng. Two additional workshops, one in Chungking and the other in Chengtu, were established in 1941, raising the total number of such workshops to nine.

In Chungking the Ministry has also established a motor accessories factory with two plants manufacturing a number of essential and relatively-simple-to-make motor vehicle parts as well as sundry repairing tools.

CHINA TRANSPORT CORPORATION

Incorporated under a special charter granted by the National Government, the China Transport Corporation was established in Chungking on January 1, 1940, by amalgamation of the former Szechwan-Kwangsi Highway Transportation Administration of the Ministry of Communications and the transportation department of the Foo Shing Trading Corporation under the Foreign Trade Commission. Formation of this corporation conducted on lines similar to those in the United States was recommended by the American Highway Mission (consisting of highway experts M.E. Sheahan, A. B. Bassi and C. W. Van Patter) which came to Chinain September, 1939, at the invitation of the Ministry of Communications. Capitalized at \$50,000,000 and with an initial term of operation of 30 years, the China Transport Corporation was entrusted with the centralized control and operation of civil highway transport services, passenger as well as freight.

Organization of the corporation follows the general pattern of a transport company in the United States. With a controlling board of directors, the company is divided into departments of transportation, business, and auditing and checking. Six business districts—Chungking, Kweiyang, Kunming, Liuchow, Yuanling, and Luhsien are placed under the business department which is sub-divided into two sections of passenger and freight transportation.

A reorganization was effected on October 10, 1940. The corporation was placed under the Transport Control Bureau of the National Military Council on July 1, 1941, following which the board of directors was dissolved. (The corporation regained its status as an independent unit following the turning-over to the Ministry of Communications of matters regarding highway transport by the Transport Control Bureau at the end of 1942.)

The scope of business of this corporation, according to a resolution adopted at the 441st meeting of the Executive Yuan, includes (1) undertaking passenger, freight and parcel transportation by highways, railways, waterways and by

air; (2) manufacturing and assembling of transportation vehicles; (3) manufacturing, assembling, storing and distributing of all necessary materials and accessories; (4) purchasing, renting or leasing of land or house properties for necessary business operation; (5) carrying postal matters; (6) construction and operation of facilities for the convenience of passengers and employees of the corporation; (7) investing in other transportation companies or buying their shares and stocks; (8) operating other business which is related to transportation. Since the inauguration of the corporation its business has so far been limited to only highway transportation.

When the corporation was formed, highway lines in the Southwest covered by vehicles of the corporation totalled more than 5,640 kilometers, passing through the five provinces of Szechwan, Kweichow, Yunnan, Hunan and Kwangsi. Its network extended in the west to Wanting on the China-Burma border, in the south to Yoyu on the Indo-China border, in the east to Taoyuan in Hunan, in the southeast to Liuchow, and in the northeast to Chatung in Hunan.

Following the enemy occupation of Indo-China and Burma and the transfer of the corporation to the Transport Control Bureau, drastic changes were made. At the end of 1942 the corporation's transportation routes included the 990-kilometer Chungking-Chutsing line via Kweiyang, the Kweiyang-Hochih and Kweiyang-Taoyuan lines with an aggregate length of 1,206 kilometers, and the Kikiang-Chatung line of 709 kilometers. Freight transport on the Chungking-Chutsing line is heavier than passenger transportation as the Chungking-Kweiyang-Kunming Highway forms the main line of transportation for both import and export goods. Due to the fact that the Kweiyang-Hochih line links with the Kweichow-Kwangsi Railway, thus forming an important connection between provinces in the Southeast and those in the Southwest and the Northwest, passenger service is heavier than freight transportation. The Kweiyang-Taoyuan and the Kikiang-Chatung lines are mainly for the convenience of merchants.

In its first three years of existence, the corporation's freight service was at first mainly to transport tung oil for export by the Foo Shing Trading Corporation, with antimony and tungsten for the National Resources Commission occupying secondary importance. In

imports, liquid fuels and various kinds of supplies for the Ministry of Communications, the Ministry of War and other government offices were the main items. After the corporation was placed under the control of the Transport Control Bureau, military supplies formed the bulk of freight carried in, with salt and antimony and tungsten transported on the return journeys.

Upon formation of the corporation and amalgamation of the two old units, there were 254 passenger vehicles. After conversion of some lorries into passenger buses, the number was increased to 333

at the end of June, 1940. The number of buses at the end of June, 1941, was 338, including relief trucks and obsolete vehicles. In the last year or so, due to shortage of parts and accessories which resulted in difficulties in repairs, and also due to the fact some vehicles are over-aged while others have been converted into charcoal-burning buses, only about 100 passenger buses could be placed in regular service. All passenger buses in service at present are powered by charcoal.

The following table summarizes the passenger service record of the corporation:

TABLE 2.—PASSENGER SERVICE STATISTICS OF THE CHINA TRANSPORT CORPORATION, 1940 TO 1942

Item	1940	1941	1942 (Jan.-June)
Passenger Service	61,246,763 passenger-kilometers	44,136,922 passenger-kilometers	17,356,265 passenger-kilometers
Paid Baggage	255,290 ton-kilometers	159,421 ton-kilometers	57,463 ton-kilometers
Parcel Service	129,896 ton-kilometers	159,421 ton-kilometers	22,880 ton-kilometers

The corporation had a total of 1,287 trucks of various makes and loading capacity during the first part of 1940. At the end of June, 1940, with the addition of new vehicles the number was increased to 1,652. In January,

1943, the number of lorries was some 1,400, about half of which were in regular operation and powered by alcohol or charcoal.

The following table summarizes the freight service record of the corporation:

TABLE 3.—FREIGHT SERVICE STATISTICS OF THE CHINA TRANSPORT CORPORATION, 1940 TO 1942

Period	Freight Carried in Ton-Kilometers
January-June, 1940	6,493,060
July-December, 1940	8,790,328 (1940 annual total—15,283,388)
January-June, 1941	9,534,683
July-December, 1941	5,379,633 (1941 annual total—14,914,316)
January-June, 1942	6,084,080

Freight carried included goods for export, military supplies, materials for construction and transfer of supplies for use of the depots and offices of the corporation. Tung

oil for export transported for the Foo Shing Trading Corporation formed the bulk of the freight (11,938,691 ton-kilometers) carried in two and a half years.

TABLE 4.—PRINCIPAL HIGHWAYS IN OCCUPIED AREAS

Name of Highway	Distance Km.
Chefoo-Shihtao	207
Chefoo-Weihsien	340
Chiaohsien-Tungnung	138
Tsishien-Tsincheng	349
Tsinan-Chanhua	222
Tsinan-Licheng	260
Tsinan-Litsin ...	226
Chinan-Puhsien	290
Chinkiang-Liyang	104
Chinkiang-Shuyang	251
Hankow-Ichang	307
Haohsien-Tungliu	666
Hsiaotang-Nanchiao	125
Huangmei-Hankow	222
Ihing-Changshu	105
Kalgan-Kuyuan	206
Kalgan-Pailingmiao	705
Kalgan-Tatung	205
Kalgan-Tolun	305
Kweisui-Aptonking	855
Kweisui-Fengcheng	220
Kweisui-Pailingmiao	173
Luhu-Chitung	328
Macheng-Yanghsin	249
Nanking-Hangchow (Trunk Line)	322
Nanking-Hsuencheng	162
Nanking-Shanghai (Trunk Line)	327
Nanking-Taierchwang (Trunk Line)	425
Paotow-Sunid	350
Peiping-Kupeikou	134
Peiping-Paoting	173
Peiping-Shanhaikwan	333
Peiping-Tientsin	124
Pukow-Susung	454
Shanghai-Hangchow (Trunk Line)	210
Taierchwang-Weihsien	464
Taiyuan-Chuntu	288
Taiyuan-Fenlingtu	649
Taiyuan-Tatung	369
Tientsin-Hsifengkou	256
Tientsin-Paoting	223
Tientsin-Tsangchow	69
Tsingtao-Chefoo	310
Tsingtao-Huanghsien	198
Tunghai-Hsuchow	365

SHIPPING

Before the war Chinese shipping was handicapped by the inland navigation rights enjoyed by treaty powers and the total tonnage of Chinese steamships then was only a little more than half a million tons. Timely measures in the evacuation of merchant vessels when the war broke out saved the major portion of the shipping tonnage. All steamships were

ordered to rush into the Yangtze or sail to Hongkong and some other ports if it was not possible to enter the Yangtze. As a result of this precautionary step, it was estimated that the Japanese were only able to seize 29 ships (48,359 tons) at the beginning of the war. At Hankow there were only 450 ships totalling 42,682 tons before the war. But in February, 1938, following the shipping evacuation measure the number of steamships was increased to 645 and the tonnage to 143,790. When the situation at Hankow became critical, the Hankow Bureau of Navigation in collaboration with military transport authorities supervised further evacuation of ships. At that time 208 ships sailed to Ichang, 66 to Changsha, 16 to Changteh and 105 ships moved to Chungking from Ichang.

Although receiving little public attention, the part played by shipping in wartime transportation has been great. As a big river junk attains a maximum capacity of 60 tons while a truck averages only three, the saving in transportation costs on freight not requiring speed is apparent. Besides the cheaper cost, certain goods and materials too bulky to be transported by trucks usually can be shipped without difficulty. In the evacuation of Hankow, steamships and junks transported more than 100,000 tons of arsenal machinery, equipment, supplies and arms into Szechwan and about the same quantity of machinery and supplies for private factories which were located in coastal cities.

More attention has been given to the development of inland navigation since the war. More ships, mostly of the improved type, have been built and trial runs have been made on rivers which heretofore were uncharted and new navigation lines opened. In order to ensure safer and faster shipping, towing stations have been established to pull ships upstream, especially through rapids and at difficult stretches of rivers. Shipping administration has also been greatly improved.

Although at present the number and tonnage of ships are less than in pre-war times, the establishment of towing stations and other facilities coupled with the fact that ships have been structurally improved, make the total shipping capacity greater than before the war.

WARTIME MEASURES

In any country at war the transfer of ownership and lease of ships to foreign countries or to the enemy is forbidden

and China is no exception. In order to maintain coastal sailings and to preserve Chinese shipping tonnage, during the first stages of the war ships were, in accordance with regulations fixed by the Executive Yuan, allowed to be transferred to foreign interests with the approval of the Ministry of Communications. The Government in wartime reserves the right to commandeer and control all private-owned ships, wharves and godowns, rentals and fees for the use of which are paid to the owners.

Except for the bureaus of navigation which had to be closed down due to the war (such as those in Shanghai and Tientsin), the Ministry of Communications has improved all navigation bureaus located along inland waterways so as to meet the exigencies of the new situation. The bureaus of navigation at Hankow and Canton were moved to Chungking and Wuchow (Kwangsi) in the winter of 1938. In Szechwan and Kwangsi where provincial authorities originally had their own navigation offices, negotiations were made to avoid duplication of work and conflicting authorities. The Hankow Bureau of Navigation was on August 1, 1941, reorganized into the Bureau of Navigation for the Yangtze Area with its sphere of administration covering all the provinces in the Yangtze valley. In addition to its old offices at Kiukiang, Changsha, Changteh and Ichang, new ones were set up in Szechwan at Luhsien, Hochwan and Nanchung.

With the aim of placing shipping under one centralized control for emergency services, the Ministry of Communications in 1937 ordered the China Merchants' Steam Navigation Company and all private shipping concerns to organize a joint office known as the Yangtze Shipping Administration Office. The office was inaugurated on August 24, 1937, to control the disposition and distribution of all passenger and freight vessels plying the Yangtze, arrangement of sailing schedules, and the supply of ships for military transport. In September, 1937, the bureaus of navigation were instructed to organize, in conjunction with local authorities and private shipping interests, inland waterway shipping business joint offices. Such offices were established for the control of (1) disposition and distribution of vessels for various services; (2) arrangement of sailing schedules; (3) supply of vessels for military transport; (4) supply of vessels for coal and other cargo; (5) sharing of wharves and godowns

among the various shipping concerns; (6) standardization of freight rates; (7) supply of bunker coal; and (8) cooperation and coordination of technical and business matters among the different shipping concerns.

To safeguard life and property, the Ministry of Communications obtained the concurrence of the National Military Council in issuing an order that all ships assigned for military transport duty should be subject to inspection by the bureaus of navigation in the same way as commercial or ordinary ships. This step was taken because formerly vessels for military transport were not subjected to inspection so that there were frequent boiler explosions or engine troubles on these ships. Another measure taken by the Ministry was the appointment of travelling inspectors to check on the age limit, condition of the engine, completeness of equipment, whether there were any case of overloading and other conditions of steamships. Action is taken to remedy or stop any factor considered detrimental to the seaworthiness of the vessels.

To encourage needed repairs in order to ensure safety, the Ministry of Communications has also granted loans to shipowners who needed funds to keep their craft in good running order. Besides, the Ministry has given encouragement and help to shipyards for their removal from coastal cities to the interior in order to facilitate ship repairing for inland river steamers. Shipyards which moved to the interior were given the needed assistance in the form of financial and technical help, transporting facilities for their machinery, as well as suitable land to set up the yards.

COMMANDERING OF SHIPS FOR DEFENSE

As an emergency measure for defense of harbors and coastal inlets to prevent invasion by enemy men-of-war, communications authorities at the beginning of the war assisted the military high command in commandeering ships and barges of the merchant marine and scuttled them as blockade defense works. In commandeering these vessels, the principles of using over-aged ships or sea-going vessels which were not suitable for inland navigation were adopted and followed. A total of 87 ships with an aggregate tonnage of more than 116,000 tons were sunk. The following table gives the location, number and tonnage of vessels sunk for defense works:

TABLE 5.—SHIPS SCUTTLED FOR DEFENSE WORKS

Location	No. of Vessels	Total Tonnage of Vessels
Kiangying	24	43,948
Matang	18	24,995
Mouth of Min River	12	7,562
Whangpoo River	10	18,642
Chenghai	7	6,657
Haichow	6	10,747
Mouth of Pearl River	6	1,979
Wulungshan	4	2,063
TOTAL	87	116,593 Tons

In the defense of Hankow, the Ministry of Communications specially constructed four large reinforced concrete vessels and used them in building the boom instead of scuttling steamships in order to preserve the already low shipping tonnage.

SHIPBUILDING PROGRAM

In view of the fact that the structure of ships originally plying the lower reaches of the Yangtze was not suitable for navigation in Szechwan waters and also that the number was far from being sufficient to meet the great demand, the Ministry of Communications in 1939 formulated a shipbuilding program which calls for the construction of large numbers of improved river junks and shallow-draft steamers.

Main advantages of the improved type of junks are: (1) being more streamlined, thus lowering the water resistance, better speed can be attained; (2) stronger in structure, those with bigger tonnage are built with keels; (3) easier and better maneuverability as a result of careful scientific planning and calculation in construction; (4) being built like wood-bodied steamers, the junks are easily convertible into tug-boats; and (5) using the same number of crew members, the new junks are 30 per cent faster than ships of the traditional type with the same capacity.

The shallow-draft steamers for inland navigation are built with the principle of big power and small displacement. Besides being a passenger and freight vessel, a shallow-draft steamer can also

be used to tow other ships. Most of the materials needed for the construction are native-produced and the ship engines are powered with native fuels.

In pushing this program, the Ministry, in addition to establishing its own shipyards, grants loans for shipbuilding. The West River Shipbuilding Office was established in Liuchow in November, 1939 by the Ministry to build exclusively improved junks and shallow-draft steamers. Yards are maintained at Kukong, Yuanling, Hengyang and Taiho. In January, 1941, the Ministry established in Chungking the Szechwan River Shipyard with factories at Chaohua, Hengyang, Yuanling, Taiho and Kukong in order to build enough ships for use in the upper reaches of the Yangtze, the Chialing, Chu and Fow river areas.

In the years of 1939, 1940, 1941 and the first half of 1942, a total of 1,015 junks aggregating 14,566 tons were built in the Szechwan rivers and 1,147 junks totalling 8,437 tons in the West River (running through Kwangtung and Kwangsi) area. In addition, loans were made to the China Merchants' Steam Navigation Company for the construction of one shallow-draft steamer in Szechwan, and to the Ming Sung Industrial Company for two such vessels. Six shallow-draft steamers have been completed by the Hengyang yard of the West River Shipbuilding Office. The Min Sung Company received loans for the building of 12 more steamers of which nine have been completed.

ESTABLISHMENT OF TOWING STATIONS

Due to the presence of many swift rapids, navigation in certain sections of the rivers of Szechuan, Hupeh, Hunan and some other provinces are extremely difficult and dangerous. In the Yangtze River, for instance, there are more than 50 dangerous rapids in the stretch of 350 nautical miles between Ichang and Chungking. The maximum speed at some of the rapids is more than 13 knots and at one of the rapids the height of the water frequently changes as much as 19 feet. The speed of the current, which normally is from four to five nautical miles per hour, makes it extremely difficult and not infrequently impossible for high-power steamships to negotiate the up-stream run on their own steam. It is all the more risky and difficult for smaller steamers and junks. Similar situations exist on the Chialing River which connects Szechuan with Shensi and which empties into the Yangtze at Chungking, the Yuan River in Hunan and several other rivers.

Determined to remove such handicaps and make shipping on the rivers safer and faster, the Ministry of Communications in the fall of 1938 instructed the Hankow Bureau of Navigation to organize a towing station committee and institute mechanical heaving stations at the rapids in the rivers. Within the short period of three months, the committee had established seven towing stations which contributed greatly toward the evacuation ships, material resources and men from the Wuhan areas. The work of

providing towing stations was extended in the winter of 1939 to the Yuan and the Chialing Rivers, in 1940 to the upper reaches of the Yangtze and the Yeu River which is vital in Szechuan-Shensi and Szechuan-Hunan water communication, and in 1941 to the Wu River connecting the provinces of Szechuan and Hunan.

Up to the end of 1942, a total of 61 towing stations had been established. Their distribution is: 18 in the Yangtze River within Szechuan, ten in the Yuan River, 25 in the Chialing River, five in the Yeu River, and three in the Wu River. The efficiency of towing stations can be seen from the record that some 50 towing stations in the 26 months from November, 1938, to the end of 1940, towing service was rendered 1,258 times to steamers and 62,426 times to junks.

NATIONAL CONSERVANCY COMMISSION

The National Conservancy Commission was established on September 1, 1941, to take charge on a nation-wide scale of all matters relating to conservancy, including river conservancy for shipping, agricultural irrigation, flood prevention, development of hydraulic electric-power, and testing and surveying. Since then all the conservancy organizations under the National Government have been amalgamated under one centralized organ. There are ten conservancy offices, each assigned to its special duties in specified areas. The names of these units and their designated areas of operation are given in the following table:

TABLE 6.—WATER CONSERVANCY OFFICES UNDER THE NATIONAL CONSERVANCY COMMISSION OF THE EXECUTIVE YUAN

NAME	Original Location	Present Location	Designated Areas of Operation at Present
Huai River Commission	Nanking	Kikiang, Szechwan	Northern Anhwei, Szechwan (tributaries to the South of the Yangtze River), Kweichow (Yangtze Valley), Yunnan
Yellow River Commission	Kaifeng	Sian	Honan, Shensi, Kansu, Suiyuan, Ninghsia, Chinghai
Yangtze River Commission	Nanking	Chungking	Hunan, Szechwan (the Yangtze and tributaries to the North of the Yangtze), Sikang

TABLE 6.—WATER CONSERVANCY OFFICES UNDER THE NATIONAL CONSERVANCY COMMISSION OF THE EXECUTIVE YUAN—*Contd.*

NAME	Original Location	Present Location	Designated Areas of Operation at Present
North China Rivers Commission	Tientsin	Chungking	Kiangsi, Southern Anhwei, Eastern Chekiang, Fukien
Pearl River Commission	Panyu	Kweilin	Kwangtung, Kwangsi, Kweichow (non-Yangtze Valley)
Kianghan Engineering Bureau	Hankow	Chungking	Hupeh, Honan (Han River Valley), Shensi (Han River Valley)
Chin-Lo Engineering Bureau	Tali (Shensi)	Tali	
Gold Sand River Engineering Bureau	Pingshan (Szechwan)	Pingshan	
Central Hydraulic Laboratory	Nanking	Chungking	
Hupeh Dykes Fund Committee	Wuchang	Enshih	

Outstanding among the Commission's achievements is the conquering of the Chinshakiang or the Gold Sand River, the upper Yangtze above Ipin (Suifu) which for hundreds of years defied navigation. Perseverance, ingenuity and dynamite have today made several hundred kilometers of the originally impassable rock and water course navigable throughout the year.

Up to the summer of 1942, the Commission had completed the survey of 11,000 kilometers of rivers with the aim of creating more navigable waterways, planned to survey another 15,000 kilometers and was rushing construction on river courses aggregating 3,780 kilometers.

SHIPPING COMPANIES

Among the principal shipping concerns in China are the Ming Sung Industrial Company and the China Merchants' Steam Navigation Company. Established in 1924, the Ming Sung Company has developed rapidly, especially since the war began. At present it is the foremost shipping concern in China. The facts that most of the company's shipping activities were limited to the Yangtze and Szechwan rivers, that its ships were not commandeered or conscripted at the beginning of the war,

that it did not lose any vessel in the enemy blockade, and that it had purchased some ships from the middle and lower reaches of the Yangtze at reasonable costs have contributed to the increasing importance and prosperity of the concern.

With its capitalization increased to \$7,000,000, the Ming Sung Industrial Company at the close of 1942 owned a fleet of 87 steamers totalling more than 21,000 tons which is a big increase over pre-war times. With Chungking as the center, its long distance lines reach Patung, Wanhsien, Luhsien, Ipin and Loshan and there are more than a dozen shorter lines. Rivers plied by Ming Sung ships include the Yangtze, the Min, the Chialing, Gold Sand Rivers and other Szechwan waters.

The China Merchants' Steam Navigation Company which before the war confined its shipping schedule chiefly to coastal lines and river service below Ichang with Shanghai and Hankow as centers met some setback after the fall of Hankow and Ichang when its business came to a virtual standstill with the exception of a few small boats operating in Szechwan waters. The company was revitalized early in 1942 with a government appropriation of \$6,000,000. Plans were made to develop a comprehensive

program of inland-water lines in Szechwan and Hunan. Two lines were projected to connect the two provinces—one between Chungking and Changsha via Kweiyang along the Chen and Chien rivers and the other between Changteh in western Hunan and Wanhsien in eastern Szechwan via Tungting Lake and Patung in western Hupeh.

Organized in 1872 as a government and commercial joint enterprise, the company was bought by the Ministry of Communications in 1932 and again reorganized in 1936. Before the fall of Hankow, the company was ordered by the Ministry to organize the Yangtze Shipping Administration Offices to develop and administer water transportation on the river and to utilize to the utmost all available ships. The company then strengthened its various services by increasing regular sailings, shortening the scheduled time of each voyage, developing inland water shipping, inaugurating rail-water and highway-water services and increasing the efficiency and capacity of its repair shops. Most of the company's 2,000-ton class or larger ships were used for the evacuation of important materials from areas affected by the war in 1937.

MERCHANT MARINE COLLEGE

With the fall of Shanghai, the Woosung Merchant Marine College established by the Ministry of Communications was suspended. In view of the urgent need for and importance of trained maritime personnel, the Ministry of Communications in collaboration with the Ministry of Education in the fall of 1939 founded the National Chungking Merchant Marine College to prepare ship-building and technical personnel. The school was suspended in May, 1943.

CIVIL AVIATION

Despite the fact that commercial aviation has had but a short history in China compared with other modern means of communications, it has made much progress during the last two decades or so. Development has been rapid, particularly since the war began

Up to the time the war broke out China had gradually built up a total of 13,826 kilometers of air routes with 30 airplanes of different sizes and makes operating on the lines. Of the 13,826 kilometers, only 940 kilometers still remain in operation in Free China. But during the first five warring years (up to the end of September, 1942)

the distances of new air-lines opened totalled 9,300 kilometers. The Chinese people as a whole have become much more air-conscious than before and the demand for airplane seats is ever-increasing.

Better and more extensive connections, too, have been maintained during wartime with foreign airways. Before the fall of Hankow, connections were already maintained with Hongkong and Indo-China by the Chinese Chungking-Hongkong and Kunming-Hanoi lines. Aircraft of the China National Aviation Corporation began to fly to Burma and India in 1939 and 1941, respectively. In December, 1939, a new Sino-Soviet Aviation Corporation was formed as a result of co-operation between the governments of China and the U.S.S.R., joining Chungking and Alma-Ata by an airline which passes through Hami, Tihwa (Urumchi), and Ili.

Within Free China regular airlines have been established with Chungking as the central terminus. Major cities in the Southwest, Southeast and Northwest are all accessible by air. Besides the regular airlines, planes may be chartered for places like Nanhsiu (Namyung), Hengyang, Liuchow, Kweiyang, Chaotung, Hanchung, Sian, Liangchow, Tienshui, Sining and Ninghsia, which are not ports of calls of the regular lines.

Both the China National Aviation Corporation and the Eurasia Aviation Corporation have rendered unsurpassed services in passenger as well as freight and mail transportation during the war, despite the tremendous losses they have sustained as a result of the hostilities and despite repeated Japanese murderous attacks on civil aircraft in flight. In the evacuation of Hongkong after the Japanese began their attack on the colony on December 8, 1941, Chinese aircraft braved enemy ground and air action and made a number of flights from Hongkong to either Chungking direct or to Nanhsiu and Kweilin until the moment when it became suicidal for an unarmed commercial airplane to fly to Hongkong. In the Burma campaign, a station was established at Myitkyina immediately following the occupation of Lashio by the enemy. Planes were used to deliver food supplies by parachute and specially packed bales to the Chinese Expeditionary Force who remained fighting in Burma.

In the course of 26 months after the summer of 1938, Japanese military planes repeatedly attacked passenger and mail planes of the C.N.A.C. and Eurasia. The pre-meditated attacks on Chinese civilian planes began with the machine-gunning of the C.N.A.C.'s Douglas DC-2 passenger liner "Kweilin" over the Pearl River delta near Macao on August 24, 1938. This ill-fated ship, later rechristened "Chungking—No. 39" after a complete overhaul, was shot down by five Japanese pursuit planes over Chanyi, near the Yunnan-Kweichow border, on October 29, 1940. In this tragic incident seven passengers (six adults and one baby) lost their lives. In addition, W. C. Kent, 36-year old American pilot, and 26-year old air-hostess Miss Lu Mei-ying were killed in the strafed plane. Only one of the nine passengers escaped injury while another was seriously wounded. Even during the period the Eurasia Aviation Corporation was a Sino-German concern, planes of the Eurasia were repeatedly subjected to attacks and machine-gunning by Japanese. Only three days before the shooting down of the "Chungking," Eurasia's 14-seater Junker No. 53 plane was shot down over Kunming by nine Japanese pursuits. The aircraft was set ablaze by machine-gun fire after it was forced to land. Among those wounded was W. Lutz, German pilot who had been with the Sino-German corporation for ten years. In trying to dodge the air-raid on Kunming by taking off from the airfield there, Pilot Lutz was wounded in the face, left shoulder and hip.

Shortage of equipment or supplies has failed to discourage the aviation concerns from making fullest and best use of their planes and other facilities. The classic story is that of a damaged Douglas DC-3 plane which was ferried to its hangar some 1,800 kilometers away with one DC-2 and one DC-3 wing. The plane was left on the airfield at Suifu after flying from Chungking at the outset of an air-raid alarm. The haven was discovered by enemy raiders which swooped down and strafed the passenger plane, damaging one of the wings. When the pilot radioed to the C.N.A.C. head office for a spare DC-3 wing, he was told there was no such wing in storage and that he could perhaps try with a spare DC-2 wing. The pilot, with the assistance of some carpenters and workmen, lengthened the shorter DC-2 wing when it arrived, and flew back to his base.

The phenomenally low accident rate in Chinese civil aviation is worth special mention. Since commercial aviation became a regular means of transportation in China, the total number of accidents and mishaps, whether involving casualties or damage or destruction of aircraft, has been much lower than in any other country in the world where commercial airlines exist. Considering the fact that there is no radio homing beacon to guide the airships in flight, that planes take off or land in thick fog (particularly in Chungking) and at night on fields without proper or adequate lighting, fly over enemy-occupied areas, and fly in foul weather, this record is definitely something to be proud of. Particularly on trips covering in part enemy-held territory, some of the pilots prefer to take off or navigate in weather conditions which in other countries will ground the planes. During the first five and a half years of war, only a few ships of the two aviation corporations have been lost because of accidents and two or three as a result of enemy action.

THE CHINA NATIONAL AVIATION CORPORATION

Pioneer in the field of commercial aviation in China, the China National Aviation Corporation is a Sino-American joint enterprise first inaugurated in 1929 and reorganized in 1930. When the C.N.A.C. was established, a contract was concluded with Aviation Exploration Inc., a subsidiary of the Curtiss Company (American), for the joint operation of mail and passenger air service in China. The company underwent a thorough reorganization in 1930 when a new contract was signed between the Ministry of Communications and China Airways, Federal Inc., U.S.A. on July 8. This contract, providing for the joint establishment of the China National Aviation Corporation, became effective on July 17, 1930, following ratification by the National Government.

The authorized capitalization of the reorganized C.N.A.C. is \$10,000,000, Chinese national currency, of which the Ministry of Communications is entitled to subscribe to 55 per cent and China Airways, Federal Inc., in the United States, the remaining 45 per cent.

The management of this Sino-American commercial aviation enterprise is vested in a board of seven directors, four appointed by the Ministry of Communications and three by the American shareholders. From among the members

of the board of directors a president and two vice-presidents are elected. Appointment of the president and one of the vice-presidents comes from the Ministry of Communications while that for the second vice-president comes from the American interests, with the board of directors electing the persons so nominated. The president is to act concurrently as the managing director of the corporation and chairman of the board.

All the airplanes the C.N.A.C. has had and is now using are of U.S. manufacture. American technical personnel, including both pilots and ground mechanics, have been and are still in C.N.A.C. service. Since 1936 C.N.A.C. has been general traffic agents in China and Hongkong (until December, 1941) for the Pan American Airways while in the United States Pan American Airways act as general traffic agents for C.N.A.C. C.N.A.C. is also booking agent for the British Imperial Airways.

In the early years of C.N.A.C. only Loening flying-boats with a capacity for six passengers and Stinson land planes with a capacity for four passengers

were used on its air lines. As the years went on, newer-modelled, bigger and more serviceable aircraft, including Sikorsky S-38 flying-boats, Douglas Dolphin flying-boats, tri-motored Ford planes, Commodore giant flying-boats, and Douglas DC-2 and Douglas DC-3 giant passenger liners, were added, to the fleet of aircraft from time to time.

In the last decade or so, much wider and more extensive use has been made of commercial aviation, both in passenger service and air freight and mail. The total number of passengers carried during the year 1929 was only 220 but the annual total for 1941 was 21,292, almost a hundred times the record of 1929. During the first half year of 1942, 11,225 passengers were carried by C.N.A.C. planes. The annual aggregate weight of freight and mail transported by C.N.A.C. liners have also shown a marked increase. In 1929 the total kilometrage flown by C.N.A.C. was 93,369 kilometers, that for the year 1942 had jumped to 2,127,377 kilometers.

The performance record of the corporation from 1929 to the end of June, 1942, is tabulated as follows :

TABLE 7.—TRAFFIC STATISTICS OF C. N. A. C., 1929-1942

(Source :—The China National Aviation Corporation)

YEAR	Kilometers Flown	Passenger Carried	Passenger Kilometers Flown	Weight in Kilograms of Mail Carried	*Weight in Kilograms of Freight Carried
1929	93,369	220	106,922	3,932	
1930	531,266	1,979	1,028,349	17,892	
1931	716,513	1,989	977,256	34,428	
1932	694,143	2,741	1,247,808	50,851	
1933	1,074,868	2,644	1,484,548	50,183	
1934	1,434,862	4,545	2,501,428	63,234	
1935	1,906,452	9,147	5,756,748	74,045	26,763
1936	2,483,572	15,748	11,033,585	86,466	46,940
1937	2,061,093	12,758	9,400,510	85,470	41,732
1938	1,307,918	13,701	8,625,886	124,463	76,007
1939	1,179,295	16,546	8,868,908	102,093	117,375
1940	1,616,794	16,432	11,340,724	82,756	496,499
1941	2,127,377	21,292	15,308,269	90,271	5,477,409
1942 (Jan.-June)	726,105	11,225	9,303,520	28,596	191,771

NOTE :—*Tonnage carried by freight planes operating between India and China not included.

Since the closure of the Burma Road in May, 1942, there has been some decrease in the freight traffic not including freight carried by the lend-lease freight planes maintained by C.N.A.C., but no material change in the passenger and mail traffic. Operation of the Chungking-Calcutta international line has more or less made up for the loss of Hongkong and Rangoon which caused the termination of air service to the British Crown Colony and the new capital of Burma.

C.N.A.C.'s air services commenced on October 21, 1929, when the first flight from Shanghai to Hankow was made by a Loening plane with passengers and mail, covering a distance of 873 kilometers in seven hours.

On September 20, 1935, tri-motored Ford planes with a capacity of 10 passengers were placed in service on the Shanghai-Hankow line, making the round trip from Shanghai to Hankow and back in 10 hours' flying time the same day. On October 23, 1935, the first Douglas DC-2 giant land plane of the C.N.A.C. fleet carrying 14 passengers was used on this line, covering the trip between Shanghai and Hankow in less than three hours. On the same day an express service of two round trips weekly between Shanghai and Chengtu was inaugurated with a Douglas DC-2 plane, covering the distance of 1,981 kilometers in less than seven hours of actual flying. The express service from Shanghai to Chengtu was increased to three round trips a week in July, 1936.

The Shanghai-Piping line, via Haichow, Tsingtao and Tientsin, was inaugurated with a Stinson plane, making the trip of 1,197 kilometers in seven and a half hours. On May 18, 1935, a Douglas DC-2 plane was used to operate the service between Shanghai and Piping. Flying via Nanking, Haichow, Tsingtao and Tientsin, and covering the longer distance of 1,327 kilometers, a saving of fully three hours of flying time was made. On July 26, 1936, the schedule was increased from two round trips weekly to three, the round trip from Shanghai to Piping and back being made by the same plane in one day.

Shanghai and Canton were linked by an airline when C.N.A.C. on October 24, 1933, inaugurated the 1,639-kilometer Shanghai-Canton line, making the trip in less than nine hours of flying time with a Sikorsky S-38 flying boat. A little more than a week later, on November 2, Douglas Dolphin flying-boats were used on this line, cutting down the

flying time by approximately two hours. An important step was taken on November 6, 1936, when the service on this line was extended to Hongkong where connection was made by the C.N.A.C. with the Imperial Airways' services to Europe and Australia and with the Pan American Airways' Trans-Pacific service to the United States. With this international-air-traffic arrangement added to the corporation's business and service, C.N.A.C. became general traffic agents for Pan American Airways in China and Hongkong and booking agents for Imperial Airways. A reciprocal co-operative arrangement was completed with Pan American Airways to act on behalf of C.N.A.C. in the United States.

Twenty-six months before the outbreak of hostilities at the Marco Polo Bridge, C.N.A.C. on May 2, 1935, commenced its air service between Chungking and Kunming. This line was inaugurated with a tri-motored Ford plane, covering the distance of 755 kilometers in less than two and a half hours.

The first commercial airline opened after the beginning of the war was the Hankow-Changsha line which was inaugurated with a Stinson plane about ten days before the National Government moved from Nanking. Inauguration of this service on December 3, 1937, was both timely and significant as Hankow became the most important political and military center of China although the seat of the Government was officially at Chungking.

About a fortnight later, the first run between Chungking and Hongkong was made via Kweilin with a Douglas DC-2 plane, opening an important new route which later proved to be one of China's most important contact lines with the outside world for four years until the line was suspended by force of circumstance when war broke out in Hongkong in December, 1941.

Only one new line was added to the C.N.A.C. network during the year 1938—the Chungking-Kiating (Loshan) line via Luhsien and Suifu (Ipin), inaugurated on May 20 with a small Loening flying-boat.

The year 1939 witnessed the establishment of two important airlines. The first one was the 1,204-kilometer Chungking-Hanoi line via Kunming inaugurated with a Douglas DC-2 plane, on March 15, covering the entire trip in only five hours of flying time. From

the Indo-China terminus connection was made to Paris and London with services of Air France. On a mutual-aid basis, Air France became traffic agents for C.N.A.C. in Hanoi while C.N.A.C. acted as booking agents in China for Air France. The first formal run between Chungking and Rangoon was made by C.N.A.C. on October 30 the same year. Using Douglas DC-2 (14-seater) and Douglas DC-3 (21-seater) planes, only eight hours were required to cover the distance of 1,919 kilometers. At Rangoon this line connected with British Imperial Airways' services to Europe and Australia, and with K.L.M.'s (Royal Dutch Airlines) service between Europe and Australia. The Imperial Airways then were agents of C.N.A.C. in Rangoon and in China C.N.A.C. became booking agents for both Imperial Airways and K.L.M. With these two international lines in operation, China was better linked with the outside world by air as Europe, South and North Americas and Australia could be reached within a week by trans-oceanic aircraft. As the war spread wider and further, the Hanoi line had to be suspended by force of circumstances in November, 1940 and the Rangoon line in early 1942.

Although the only line inaugurated in 1940 was the short line from Hongkong to Nanhsiu (Namyung) in Kwangtung, this line was important chiefly as a feeder freight line. The distance of 320 kilometers between the two terminals required only one and a quarter hours by Douglas DC-2 planes.

Enemy occupation of Hongkong failed to choke China's air connection with

places outside of the country as the Chungking-Calcutta line was inaugurated not more than ten days after the Pearl Harbor attack brought warfare to the Colony. Blazing the trail of this line, which is temporarily one of the only two outlets from China by commercial aircraft, was the successful test-run made in January, 1941. Flying a Douglas DC-3, the test-run was made from Chungking to Calcutta through Kunming, Lashio and Chittagong. When the line was formally inaugurated on December 18, 1941, the route taken was by way of Kunming and Dinjan. Douglas DC-2 and Douglas DC-3 planes make the 2,341-kilometer trip from one end to the other in less than ten hours.

With the C.N.A.C. reaching and operating in India, both Europe and the Americas can still be reached by air. In Calcutta, the C.N.A.C. connects with the British Overseas Airways Corporation's service to England via Africa, to the Atlantic and to South America, and with Pan American Airways' service to the United States by way of Africa, to the Atlantic and to South America. Traffic and booking agency arrangements in India and China are maintained by C.N.A.C. with both the P.A.A. and the B.O.A.C. On this China-India line a schedule of three-round trips weekly for both passenger and mail services has been maintained besides special freight service.

The latest service added to the C.N.A.C. system is the Chungking-Lanchow line of 780 kilometers. The line was opened on August 27, 1942. The trip takes three and a quarter hours.

INAUGURATION DATES OF C. N. A. C. AIR LINES

(1) Shanghai-Chengtu Line :—

Shanghai-Hankow Section	October 21, 1929
Extension of Shanghai-Hankow Line to Ichang	March 31, 1931
Hankow-Chungking Section	October 21, 1931
Chungking-Chengtu Section	November 11, 1933

(2) Nanking-Piping Line

(via Hsichow, Tsinan and Tientsin)	April 15, 1931
(This line was discontinued in December, 1931)	

(3) Shanghai-Piping Line

(via Haichow, Tsingtao and Tientsin)	January 10, 1933
(replacing Nanking-Piping Line)	

(4) Shanghai-Canton Line

(via Wenchow, Foochow, Amoy and Swatow)	October 24, 1933

(5) Chungking-Kunming Line (via Kweiyang)

May 4, 1935

- (6) Hongkong included in the Shanghai-Canton Line as a regular port of call
 (7) Hankow-Changsha Line
 (8) Chungking-Hongkong Line (via Kweilin)
 (9) Chungking-Kiating (Loshan) Line (via Luhsien and Ipin)
 (10) Chungking-Hanoi Line (via Kunming)
 (11) Chungking-Rangoon Line (via Kunming and Lashio)
 (12) Hongkong-Nanhsing Line
 (13) Chungking-Calcutta Line (via Kunming and Dinjan)
 (14) Chungking-Lanchow Line

THE EURASIA AVIATION CORPORATION*

The Eurasia Aviation Corporation first started as a Sino-German firm when it was formally inaugurated in February, 1931. The corporation became an entirely Chinese-owned and-operated unit in China's field of civil aviation as from August 1, 1941, following the Chinese Government's severance of relations with Germany late in July, 1941. The German interests were entirely withdrawn from Eurasia and all the German staff members, including air and ground crew and advisors, left the service to return to Germany.

The Eurasia Aviation Corporation came into being as a result of a contract signed between the Ministry of Communications and the German Lufthansa Company which provided for the joint formation of an air company under Chinese law to operate air lines between Shanghai and Berlin primarily for the purpose of carrying mail between China and Europe. Negotiations for the carrying out of this Asiatic-European air service had been started as early as the middle of 1928, but a program of mutual co-operation, along lines agreeable to both parties, was not worked out until February 21, 1930, when the draft contract was signed. This contract was finally ratified by the National Government on April 9 of the same year.

With an initial capitalization of \$3,000,000 when it was founded in 1931, Eurasia's capital was increased to \$5,000,000 in 1933, to \$7,500,000 in 1935, and to \$9,000,000 in 1936. Two-thirds of the authorized capital was subscribed by the Chinese Government and the remaining third by the German Lufthansa Company. During the period when Eurasia maintained its Sino-German status the management of the firm was vested in a directorate of nine of which

six were nominated by the Chinese Government and three by the Lufthansa interests. Six of the nine members of the directorate were directors while the other three were supervisors.

The original plan of Eurasia was to operate an airline from Shanghai to Manchuli, Urga or Tchukuchak (Tacheng) to connect with the then existing airlines to Europe. Manchuli was chosen as the terminus and a 2,320-kilometer route from Shanghai, passing through Nanking, Peiping and Linsi, was the first line operated by the corporation. Japanese invasion of Manchuria in September, 1931, virtually put an end to this line as the terminus was then shifted to Peiping.

An attempt was then made to operate a line from Shanghai to Sinkiang via Nanking, Sian, Lanchow, Hami and Tihwa (Urumchi) to Tacheng near the Sino-Soviet border. But due to political troubles in Sinkiang and the fact that the route covered an immense tract of barren and uninhabited wilderness, the line was operated only 1,850 kilometers to Lanchow. A feeder line from Peiping to Loyang, 700 kilometers, was started with a weekly schedule from both ends. Business for the corporation then was still very much under-developed as in a whole year only some 800 passengers, 20,000 kilograms of freight and 3,000 kilograms of mail were carried.

In 1935 the line to Lanchow was extended 800 kilometers to Paotow through Ningsia. At the same time the Loyang station was moved to Chengchow and a new station was opened at Taiyuan. The Peiping-Chengchow line was later extended to be the Peiping-Canton line via Chengchow, Hankow and Changsha. With a total distance of 2,190 kilometers, a twice-weekly schedule was maintained, the trip being completed in a day.

*The Eurasia Aviation Corporation was reorganized as the Central Air Transport Corporation on March 1, 1943.

Later in 1935, a feeder line between Shensi and Szechwan (starting from Sian and terminating in Chengtu) was added to the Eurasia service. This line was extended the following year to Kunming, covering a total distance of 1,300 kilometers. Air service from Peiping was further extended shortly before the war began in 1937 when the Peiping-Canton line reached Hongkong.

Before the war sight-seeing flights of from 12 to 15 minutes' duration were offered by the Eurasia Aviation Corporation at practically all of their airdromes. Six passengers were allowed for each sight-seeing flight. The charge was \$60., to be equally shared by the passengers. Such facilities were suspended when the war began.

The Eurasia Aviation Corporation was moved from Shanghai when war came to the Chinese sea-board. First in Shensi, the general office of Eurasia was later moved to Kunming and has been there since.

With the National Government in Chungking and important government organizations in Hankow, in 1938 a complete readjustment of the air lines was made and the following passenger and mail service lines were maintained:

Hankow - Kunming Line—From Hankow to Kunming via Sian and Chengtu;

Hankow - Hongkong Line—From Hankow to Hongkong via Changsha;

Sian - Lanchow Line;

Lanchow - Ningsia Line; and

Kunming - Hanoi Line.

Air transportation assumed a much more important role when more difficulties came up in connection with land or sea and river routes in wartime. As a result of this change, coupled with the fact that the services to Hongkong and Hanoi were important international lines, business of the aviation corporations witnessed a phenomenal increase. The total number of passengers carried by Eurasia in 1938 was approximately ten times the annual number of passengers before the war. Freight and mail services had also an unprecedented rise in volume of business, as in 1938 Eurasia carried an aggregate of 300,000 kilograms of freight and 170,000 kilograms of mail.

Following the fall of Hankow and Canton, Chungking became the pivot of

air lines. Eurasia's original Hankow-Hongkong line became the Chungking-Hongkong line (1,307 kilometers) via Kweilin. The Hankow-Kunming and Kunming-Hanoi lines were merged into a new line linking the Chinese wartime capital and the Tonkin capital. Passing through Kunming, this line, which was suspended with the enemy occupation of Indo-China, was 1,180 kilometers in length. At the same time the Chungking-Lanchow line was operated under the name of the Navigation Department of the Ministry of Communications. From Lanchow the line was extended in 1940 to Hami via Suchow and connected with the Hami-Alma-Ata line of the Sino-Soviet Aviation Corporation to reach Soviet territory.

The war in Hongkong in December, 1941, brought very heavy losses to Eurasia as most of its airplanes and equipment were either destroyed or damaged and abandoned. Lack of planes and replenishment, however, has not hampered the progressive spirit of the Eurasia management. In the one year since December 8, 1941, Eurasia carried on with one lone over-aged Junker transport plane with a record probably unprecedented in the annals of aviation. Keeping the Eurasia banner still flying, the tri-motored plane covered more than 250,000 kilometers in the year without a single mishap in regular passenger, mail and freight services between Chungking and Kweilin, Chungking and Kunming, Chungking and Lanchow, and Lanchow and Hami and Tihwa (Urumchi). On the average it made one complete flight over each of the four lines each week. The secret to this record, according to Mr. Lee Ching-tsung, general manager of Eurasia, was constant maintenance and periodical overhauling.

With Chungking as center, Eurasia at present maintains the following four lines:

- (1) Chungking - Hami Line (via Lanchow, and Suchow)—distance 2,190 kilometers;
- (2) Chungking - Chengtu Line—distance 304 kilometers;
- (3) Chungking - Kweilin Line—distance 600 kilometers; and
- (4) Chungking - Kunming Line—distance 620 kilometers.

The following table gives performance statistics of the Eurasia Aviation Corporation during its 12 years of existence:

TABLE 8.—PERFORMANCE RECORD OF EURASIA AVIATION CORPORATION
 June, 1931 to September, 1942
 (Source:—Eurasia Aviation Corporation)

YEAR	Kilometers Flown	PASSENGER SERVICE		FREIGHT SERVICE		MAIL SERVICE	
		No. of Passen-gers Carried	Passenger-Kilometer	Weight of Freight Carried	Ton Km.	Weight of Mail Carried	Ton Km.
1931 (June to Dec.)	120,000	664	110,080			259	498
1932	253,603	589	325,840	9,765	12,315	1,750	1,890
1933	412,605	810	771,520	25,404	34,623	3,610	4,534
1934	603,282	1,476	945,290	53,372	50,880	6,461	6,268
1935	744,735	2,951	1,692,346	85,856	73,257	10,382	9,095
1936	911,315	5,618	3,466,033	221,934	176,308	29,205	26,303
1937	1,282,497	9,215	7,029,198	336,614	286,019	40,724	38,100
1938	1,410,452	13,067	11,404,040	383,589	342,359	173,619	166,159
1939	919,687	11,555	7,906,980	313,301	244,126	107,591	85,643
1940	1,192,364	11,048	8,005,422	613,703	570,627	132,953	113,749
1941	1,015,872	6,503	5,714,610	672,938	665,877	124,778	116,601
1942 (Jan. to Sept.)	218,282	3,318	2,028,870	87,916	63,779	44,803	31,533

In the general office of the Eurasia Aviation Corporation are four divisions, namely, general affairs, business, financial, and operations. In addition, there is also a secretariat and a repair plant with five sections for repairing and overhauling of fuselage, generator, equipment, wireless, and direction-finders.

When Eurasia was first organized Germans were invited and employed as pilots and chief mechanics. Chinese pilots and ground crew were soon trained and from time to time some of the fliers were sent to Germany for advanced training and practice work in European air services. The Chinese air crew became more important when the German staff members of the corporation were relegated from active service to advisory capacity after the outbreak of the war. All the administrative, technical and business ends of Eurasia came entirely under Chinese direction on August 1, 1941, when the aviation company was placed directly under the Ministry of Communications and all the German staff members relieved of their posts and sent out of Free China.

In its twelve-year history, Eurasia has used only aircraft of German manufacture. In the beginning single-motored

Junkers-F-13 (320 horse-power) and Junker-W-33 (550 horse-power) planes were used. These planes, each carrying only four passengers, had a freight capacity of only 1,250 kilograms and a speed of 195 kilometers per hour. A Junker-W-34 single-motored passenger plane of 620 horse-power with a seating capacity for six passengers was later bought.

In the summer of 1934 a Junker Ju-52 airplane, after completing a long-distance flight from Berlin to Shanghai, was turned over to the company. With three 725 horse-powered motors, a seating capacity of 16, a load capacity of 3,200 kilograms and a speed of 225 kilometers per hour, this machine was the first giant passenger and mail plane used in China. Equipped with blind-flying, homing-device, ventilator and steam-heating facilities, Junker Ju-52 provided more comfort and safety for air travelers, hence such planes later became the standard equipment of Eurasia.

Night flying was initiated during wartime as a safety precautionary measure against possible attacks by enemy aircraft. For a time Eurasia planned to buy a few four-motored giant Condor planes which have greater range. This plan failed to materialize owing to the

changing war situation which later developed into a global war.

Eurasia was directed by the Government to extend its Chungking-Hami line to Tihwa (Urumchi) in the latter part of 1942. The Chungking-Tihwa line, totalling 2,600 kilometers in distance, forms an important link with the U.S.S.R. If new planes can be obtained and more equipment or accessories as well as fuel can be assured, the management of Eurasia plans to inaugurate a new air route between China and India by linking Suchow in Kansu and Peshawar in the Frontier Province of India. With years of experience in the field of civil aviation in the Northwest and the experience gained in Eurasia's successful trial flight from the Northwest to Afghanistan over the Pamir in the fall of 1937, authorities of the Eurasia Aviation Corporation have much confidence in their ability to operate this new Sino-Indian air route with success.

THE SOUTHWESTERN AVIATION CORPORATION

A short-lived aviation concern was the Southwestern Aviation Corporation which was started in Canton in 1932 with an initial capitalization of \$1,500,000 and with General Chen Chi-tang as the chief promoter. Following a successful test-run between Canton and Lungchow in Kwangsi in March, 1934, the Southwestern corporation was officially registered with the Ministry of Communications in September of the same year when it bought from the United States four Stinson passenger planes and a small trainer plane. The Canton-Lungchow line via Wuchow and Nanning (960 kilometers) was formally inaugurated in November, 1934, one month after a contract was signed with the Postal Administration for air-mail service. The Canton-Pakhoi line via Mowming and Kiungchow (1,350 kilometers) was later opened.

The Southwestern Aviation Corporation was a purely Chinese enterprise subsidized by the provincial governments (Kwangtung and Kwangsi) through whose territories the lines passed. It had a quasi-official status as its \$300,000 capital was held in the main by the two provincial governments.

The company was dissolved early in 1938.

CIVIL AVIATION LAW

After years of legislative study and revision, a civil aviation law was formally

promulgated by the National Government on May 30, 1941.

The Civil Aviation Law contains eight chapters sub-divided into 67 articles. Main provisions of the law include the following:

Manufacturers or owners of all civil aircraft must apply to the Ministry of Communications for inspection of the aircraft before any license will be issued by the Ministry.

Unless the original registration has been cancelled, no aircraft which has been registered in a foreign country may apply for registration in China.

All registered and licensed aircraft must bear clear markings of the Chinese registry on an easily visible part of the body of the aircraft.

Unless permission is given by the Ministry of Communications, aviation stations and airfields must not be used for purposes other than operations of civil aircraft. The lending, leasing, or putting out of commission of aviation stations and airfields must have the approval of the Ministry of Communications. When an aviation station or an airfield is used by a party other than the legal owner or management of the field for landing or take-off purposes, the management is entitled to collect certain fees, the rate to be set by the Ministry of Communications.

All aviation crews (including pilots) must first pass technical examinations to be conducted by the Ministry of Communications, and after securing qualification papers apply for a civil aviator's permits from the Ministry of Communications before commencing actual flying operations. The Ministry of Communications reserves the right to conduct periodical and provisional examinations of aviation personnel. In the case of any aviator whose technical ability, physique, or character falls short of the Ministry's required standard, the Ministry of Communications may limit, suspend, or cancel his license.

Except in the case of trial flights, all civil aircraft in operation must carry (a) testimonial that the aircraft is fit for operation, (b) license for the aircraft, (c) qualification papers of the crew, (d) pilots

permits, (e) aviation log, (f) name list of the passengers, (g) bills of lading and invoice of merchandise, and (h) if there is any radio transmitter in the aircraft, permit for the operation of the radio.

No aircraft, unless with the permission of the Ministry of Communications, is allowed to carry and transport fire-arms, ammunition, explosives, poison gas, radio transmitters, homing pigeons, or cameras. Nor are the crew, passengers, or other persons traveling in the aircraft allowed to carry such articles.

Aircraft used for transport purposes must have the permission of the Ministry of Communications, and in accordance with the provisions of the Chinese Postal Laws, must transport mail matter.

Unless the Ministry of Communications has secured the consent of the military and aviation authorities and the special approval of the Executive Yuan, no foreign-owned aircraft is allowed to fly over Chinese territorial air. All aircraft operating on international lines should take-off or land only on airfields designated by the Ministry of Communications; they should follow the air-routes specified by the Ministry of Communications as well as abide by all regulations.

The owner of the aircraft is held responsible for compensation for any casualty, damage to health or property as a result of mishap during the flight, whether the mishap is intentional or accidental.

Work on the Chinese civil aviation law started as early as 1919 during the days of the old Peking Government. Its progress can be grouped into three periods, namely, from 1919 to the fall of the Peking regime, establishment of the National Government in Nanking to December, 1937, and the period following the removal of the National Government to Chungking.

In 1919 the Ministry of Communications drafted a set of 75 articles of aviation regulations modelled after the civil aviation laws of Great Britain, France and other countries. When the office for the preparation of civil aviation was abolished the following year, another draft of Chinese aviation regulations, containing 13 chapters and 186 articles, was prepared.

This draft was revised and reduced to 12 chapters and 56 articles after a period of some nine months during which the legislation committee met more than 40 times.

Civil aviation experienced rapid progress after the National Government was established in Nanking. The National Government signed contracts for Sino-American and Sino-German co-operation in the development of civil aviation in China, leading to the formation of the China National Aviation Corporation and the Eurasia Aviation Corporation. The fast changing environment made necessary a drastic revision of the old draft of aviation regulations. Thus the Ministry of Communications in 1929 made another draft of aviation laws. This draft, containing 54 articles, was revised in 1933 and again subjected to further examination in 1936 when it was increased to 65 articles.

Formal promulgation of the Chinese civil aviation law was felt to be most essential when, following the removal of the National Government to Chungking, air traffic in China assumed unprecedented importance. The 1933 draft of the aviation law was once more examined and revised until it was officially adopted and promulgated by the National Government on May 30, 1941.

STAGE TRANSPORTATION

In direct contrast to flying is the revived stage transportation, already told to the Western world by Marco Polo. Unpretentious, slow but steady, China's time-honored way of transporting goods by human carriers and animals has been modernized and systematized under the control of the National Stage Transportation Administration of the Ministry of Communications established on September 1, 1940, succeeding the Animal Transportation Bureau which came into existence in 1939.

The utilization of human and animal power to supplement wartime transportation was first suggested in the National Waterways-Highway Transportation Conference held in Chungking in October, 1938. A special bureau was subsequently established by the Ministry of Communications to handle pack animal service between Ipin (Suifu) in southern Szechwan and Kunming, Kweilin and Kweiyang, and Kweiyang and Chungking. The first stage line was opened on February 1, 1939, between Ipin and Kunming.

Since then six national stage transportation lines have been opened, totalling 9,490 kilometers. Radiating from Chungking, stage transportation lines traverse 13 provinces—Szechuan, Kweichow, Shensi, Kansu, Yunnan, Kwangtung, Kwangsi, Hunan, Kiangsi, Honan, Anhwei, Chekiang and Fukien.

The six national lines are:

- (1) The Szechuan-Kweichow Line—Its major task is to transport salt from Szechuan to Kweichow and bring back coal. From January to July, 1941, 10,793 tons of cargo passed along this route. Part of the line is over waterways including the Kikiang (Ki River).
- (2) The Szechuan-Shensi Line—This route provides transportation chiefly for military supplies, cotton and tung oil, averaging a total of 5,000 tons a month, of which 800 tons are military supplies.
- (3) The Shensi-Kansu Line—Over this route, which runs parallel to the Northwest Highway, 400 rubber-tired carts are used to transport mainly wool, tea and other export goods.
- (4) The Kansu-Sinkiang Line—Over this old caravan route numerous camels and carts are carrying tea and other goods to the U.S.S.R.
- (5) The Luhsien (Luchow)-Kunming Line—A considerable portion of Szechuan-produced tung oil is carried to Yunnan by this line, and engineering materials are brought back.
- (6) The Szechuan - Hunan - Hupeh Line—Szechuan for many years has bartered salt for Hunan and Hupeh rice. The route uses many rivers, including the Chialing which runs through the whole North Szechuan region. Tung oil and cotton coming down from the Northwest are also shipped over this line.

In addition to these national lines, there are 30,000 kilometers of branch lines under various provincial administrations.

The Ministry of Communications has studied and made certain plans to link China and India by means of stage transportation. It takes four months by stage transportation to Lhasa via Kangting. Two to three thousand tons

of goods can be carried each time and only about two trips can be made in a year. A Sinkiang-India stage transportation line has also been studied.

Wherever possible or feasible, waterways are used to supplement the roads and paths. By land and by water, 1,000 to 2,000 tons of commodities are carried each month from Sinsinchia (Baboon Pass) in Sinkiang, to Hengyang or Kunming via Lanchow, Tienshui, Kwanguyuan, covering a distance of nearly 8,500 kilometers.

Means used in stage transportation include carts of various types pulled by men and animals, junks, rafts, steamers, human carriers, and pack animals including horses, mules, donkeys and camels. The chief means of transportation is the rubber-tired cart which is most used in northwestern provinces. Pulled by two or three horses, it is capable of travelling with a cargo of 1.2 to 1.5 tons 20 kilometers a day. There are two kinds of man-pulled carts—rubber-tired or with rubber-protected wheels. The former type is capable of loading 1,500 to 1,700 pounds, the latter 900 pounds. Employed chiefly in the Southwest where few horses are raised, the carts average 20 kilometers a day. Iron-wheeled carts, an old Chinese type of vehicle, are prohibited on modern highways for they may destroy the road surface. These carts are usually pulled by two horses and are capable of carrying from 1,500 to 1,700 pounds. They are still the most widely used means of transportation in the northwestern rural districts.

Camels, which are employed in the Northwest, can each carry about 330 pounds, walking 30 kilometers a day. (Seven camels share the load of one ton.) Pack horses are used chiefly in Yunnan and Kweichow. A pack horse can carry 175 pounds and cover 20 kilometers a day.

On navigable waterways, junks are used which vary in size from a fraction of a ton to over 40, and even occasionally to 60 tons. The Ministry of Communications has been promoting an improved model. Where no highways or waterways are available, human carriers are used to transport the goods on their backs or shoulders. On the average one man can carry 40 kilograms (88 pounds) and cover from 25 to 30 kilometers a day.

It is estimated that in China to cover a distance of 1,000 kilometers it takes 30 hours by train, four days by truck and about three weeks by stage transportation. Slow but sure, stage

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transportation represents tremendous savings in the consumption of gasoline. In 1941 the total loads carried over six stage transportation trunk lines were approximately 1,284,170 tons. The amount of gasoline thus saved is estimated to be at least 1,975,505 gallons which is a saving of millions of dollars.

Horse-drawn carriages are used by the National Stage Transportation Administration to carry passengers and baggage from the city of Chungking to suburban areas. This service was inaugurated on April 1, 1942, as a preliminary step to the long-distance carriage line from Chungking to Chengtu. More and more people are making use of this facility, and the average number of passengers per day since July, 1942, has been around 2,000.

TELE-COMMUNICATIONS HISTORICAL SURVEY

Development in the field of telecommunications in China may be roughly grouped into four periods. The initial period was from 1871 to 1911 which was marked by foreign investment and undertakings and later by the integration of local set-ups to gradual centralization of administration. During the period of warlord activities up to the successful completion of the Northern Punitive Expedition, from 1912 to 1928, development was at a standstill and there was much destruction. The third period, from 1928 to 1937, was a progressive period during which new constructions and development as well as readjustment and improvement of the old were carried out simultaneously. The fourth period began from the time war broke out in 1937 and is marked by the persistent improvement, construction, reconstruction on the one hand and destruction as a result of enemy action on the other.

Among the various means of telecommunications in China, telegraph service, being first established in 1871, has the longest history. Next is local telephone which dates back to 1881. A long-distance telephone system was established in 1900 and radio communication in 1905. Radio broadcasting began in 1922. The latest addition is wireless photo service which was inaugurated on December 15, 1942.

Tele-communications service in China centers on the telegraph with radio communication as an auxiliary. For the past decade and a half, the telegraph, telephone and radio have all been under central government administration,

which at present discharges its duties through 31 branch administrations. During the war, besides maintaining the division of 15 T and T districts, they have been further grouped into three zones each under the supervision of a special commissioner vested with special discretionary powers. For guerilla districts, agents directly responsible to respective commissioners have been appointed.

In wartime the Ministry of Communications maintains the object of giving priority to military requirements of the time to the end that full co-operation with the military authorities could be worked out in war operations. However, facilities for the population of Free China are not neglected although because of the congestion caused by military exigencies services of secondary importance such as social letter telegrams had to be abolished in wartime.

During the first 18 months of war, telegraph and telephone lines lost due to war operations totalled 49,015 kilometers, representing approximately half of the total telegraph lines and more than 60 per cent of the telephone lines in operation the first half of 1937. With the military situation improved since 1939, losses during the last four and a half years have been comparatively little.

Although roughly only about half of the telephone and telegraph lines China had before July 7, 1937, now remain in Chinese hands, the total length of both has actually exceeded the pre-war figure. Before the war there were 53,776 kilometers of telephone lines and 95,322 kilometers of telegraph lines. Up to September, 1942, only 29,848 kilometers of telephone lines and 48,697 kilometers of telegraph lines of the lines erected in pre-war time were left. Adding the new lines laid during the first five and a half years of war, lines under erection and projected, the total figure of telephone lines is 67,549 kilometers and of telegraph lines is 97,503 kilometers.

For radio telegraphy and radiophone, the Ministry of Communications had before the war, a total of 171 transmitters—two in the 10-20 kilowatt class, 15 in the 1-4 kilowatt class, 131 in the 50-750 watt class, and 23 in the 5-40 watt class. In September, 1941, there were 248 transmitters—three 10-20 kilowatt, 25 1-4 kilowatt, 142 50-750 watt, and 78 5-40 watt classes. The increase is 45 per cent over the pre-war figures.

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There were only four inter-provincial radiophone exchanges before the war, but the number has been increased by ninefold.

With the march of time and development of the services, the annual total telegraph wordage has been on the increase steadily. In 1936 altogether 5,310,000 messages totalling approximately 200,000,000 words, were transmitted, of which 63 per cent were government and military telegrams and 37 per cent commercial or private messages. During the first two years of war when commerce on the whole was affected or at a standstill, the ratio between government and military telegrams and commercial and private telegrams was changed, the highest being 77 per cent for the former and only 23 for the latter. However, this condition was later improved and the old ratio resumed. In 1941 altogether 7,000,000 messages with 300,000,000 words were transmitted, an increase of 100,000,000 words over the 1936 figure.

International messages increased from 9,700,000 words in 1936 to 19,000,000 words in 1941. Long-distance telephone calls increased from 2,500,000 in 1937 to 3,400,000 in 1941. Tele-communication workers in Free China numbered 29,600 by the end of 1941 as compared with 17,500 in 1936.

TELEGRAPH

Telegraph was the first means of tele-communication to come into service in China. It dates back to 1871 when the Danish Great Northern Telegraph Company established an office in Shanghai after laying submarine cables from Vladivostok to the China coast. Two years later the Great Eastern Telegraph Company, a British concern, laid a submarine cable to link Shanghai and Hongkong and started business in Shanghai. The first Chinese telegraph line, running from the Taku Fort to Tientsin was laid by Li Hung-chang in 1879. In the following year the Manchu government established its Telegraph Administration in Tientsin, extending the old line at the same time. The line from Shanghai to Tientsin was officially opened on December 24, 1881, and that from Soochow to Kwangtung via Chekiang and Fukien in 1883. Nanking and Hankow were linked by a telegraph line in 1886, following which provincial and inter-provincial networks were constructed and expanded from time to time until there were more than

600 telegraph offices in 1911 with a total length of 50,000 kilometers of wires.

Since the establishment of the National Government, repair and improvement of lines has been carried out together with new constructions. Each year from 4,000 to 6,000 kilometers of telegraph lines were repaired and hundreds of kilometers of new lines laid. From 1928 to 1936, lines repaired totalled 43,000 kilometers, lines newly erected or added to old circuits totalled more than 15,000 kilometers. Statistics in 1936 showed that there were approximately 104,000 kilometers of government-owned aerial wires, and some 3,400 kilometers of submarine cables. In addition there were 3,500 kilometers of submarines under joint Sino-Japanese operation, 580 kilometers of Japanese submarine cables and approximately 3,000 kilometers of submarine cables belonging to foreign concerns—the Great Northern, the Great Eastern, and the American Commercial Pacific Cable Company.

Before the war, there were 118 automatic telegraphic senders and 1,598 Morse senders. In September, 1942, 140 automatic and 1,200 Morse senders were in use. The increase in the number of automatic machines has greatly increased the speed and accuracy of telegraphic transmission.

From the time war began up to September, 1942, new lines completed totalled 42,048 kilometers and another 6,758 kilometers were under construction or projection.

Telegraph services maintained to the optimum have greatly facilitated military operations. Within a few days after a city was recovered, telegraphic connections with other cities were in working order again. At the end of 1942, the Ministry of Communications had 21 telegraph signal corps, three wireless signal corps, 31 line-repairing engineering corps at the various fronts and 21 repair crew units in the rear, with a total of some 2,000 workers most of whom carried out their duties while attached to the army.

There were 1,164 telegraph stations in the country before July, 1937. The number dropped to 986 in 1938, but has been increasing gradually until there were more than 1,137 in September, 1941.

RADIO

Radio facilities in China were first established for military use in Kwangtung in 1905. When the submarine telegraph

cable from Woosung to Tsungming was damaged in 1908, Kiangsu authorities inaugurated a radio service between the two places and opened offices for government transmission and private business. Since the beginning of 1929, the entire radio enterprises have been administered by the Ministry of Communications. Up to the time war broke out, there were more than 170 radio stations under the Ministry of Communications and a number of other stations operated for the exclusive use of certain Government offices.

Radio as a supplementary instrument to telegraph has been more extensively demonstrated in wartime, particularly for ordinary private communication. At present there are ten big radio stations—in Chungking, Chengtu, Kunming, Kweiyang, Kweilin, Nancheng, Kangting, Sian, Sichang, and Lanchow. Some 100 medium and small-sized stations are also maintained in Free China.

In international radio connection, before the outbreak of the Pacific war Chungking was in communication with Hongkong, Manila and Moscow. Radio contacts between Chungking on the one hand and the United States and England on the other have been efficiently maintained. Press communications have been successfully established between Chungking and Los Angeles since December 14, 1941, with the American-owned Press Wireless, Inc. The Chungking telegraph office is in direct radio communication also with R.C.A. and Mackay stations at San Francisco.

Prior to December 8, 1941, press dispatches from Chungking to the United States were sent, for the sake of greater speed, through Press Wireless, Inc., in Shanghai. Anticipating the disruption of the Shanghai route, the Chungking telegraph office in the meantime had been making test transmissions to Manila. The Manila route was opened and operated from December 8, 1941, until the fall of Manila.

The main international radio station is located in Chengtu. The Ministry of Communications set up a special speed automatic duplex system wire between Chungking and Chengtu. The new instalment furnishes Chungking with sufficiently powerful equipment for direct contact with the outside world. A 24-hour service between Chengtu and R.C.A. and Mackay stations at San Francisco and an 18-hour or

even longer service between Chengtu and London are maintained by the Chengtu station which is especially equipped for long-distance transmission. Direct contact is also maintained with Geneva for a long time. These services began the afternoon of December 11, 1941. Direct service with Singapore and Batavia was also maintained before the enemy occupation. Direct service between Chengtu and Sydney was inaugurated on January 21, 1942 with the Australian Wireless Corporation as the co-operating party. After successful tests with the New Delhi Station on February 6, 1942, the international station at Chengtu on March 7 opened radio services to India but the route has been changed to Bombay, with the British-owned Cable and Wireless Limited on the reciprocating end.

TELEPHONE

The year 1881 marked the beginning of local telephone service in Shanghai when a foreign-owned telephone company was established in the International Settlement. The first Chinese telephone system was inaugurated in Nanking in 1900—25 years after Bell invented the telephone—for inter-government offices communication and had only 16 lines. Government-operated telephone administrations, however, did not actually begin until 1903 when city telephone services were started in Peiping, Tientsin, Canton, Hankow, Foochow and Amoy.

In 1927 there were 20 local telephone administrations under the Ministry of Communications but since then development has been rapid and within ten years some 50 new administrations were established and the old ones expanded. Telephone service in big cities is the only wartime loss to Chinese tele-communications that has not been made up. In September, 1942, only 12 of the Free China cities had telephone service as compared with the 30-odd city systems previously. But there were more than 40 long-distance telephone stations which before the war numbered only 11.

Although development of nation-wide long-distance telephone networks had a late start, the first long-distance telephone line was erected in 1900 when a Dane laid lines from Tientsin to Peitang and Tangku and in the following year extended the line to Peiping. The Danish enterprise was a private business which did not have the Chinese government's permission and was purchased by the government in 1905. A long lapse

followed during which there were only a few provincial long-distance lines. It was not until after 1931 that following well-laid out plans development in this field picked up speed. Each year some new lines were added, the highest kilometerage in a year being more than 10,000. Trunk lines linking leading cities were completed one after another until there were more than 53,000 kilometers of long-distance telephone lines before the war, not including those laid by provincial authorities.

An important step was taken in 1934 to establish good long-distance connections among important cities with the construction of the Nine-Province Long-Distance Telephone Network, the nine provinces being Kiangsu, Chekiang, Anhwei, Kiangsi, Hupeh, Hunan, Shantung, Honan and Hopei. All the lines for this network were completed before the war, the lengths and dates of which are as follows :

Nanking-Hankow Line—738 kilometers, construction began in May, 1935, and was completed in March, 1936;

Hankow-Changsha Line—370 kilometers, began in November, 1935, and was completed in March, 1936;

Kiukiang-Nanchang Line—136 kilometers, began in December, 1935, and was completed in June, 1936;

Nanking-Tientsin Line—1,124 kilometers, construction on the Tientsin-Tsinan section began in March, and was completed in June, 1935, on the Nanking-Hsuehchow section began in August, and was completed in November, 1935, on the Hsuehchow-Tsinan section began in January and was completed in November, 1937;

Hsuehchow-Chengchow Line—341 kilometers, began in February and was completed in March, 1936.

In addition to the Nine-Province Network, many other inter-city lines were also constructed so that at the time the war broke out not only the Hopei, Shantung, Shansi and Honan war areas were within the reach of long-distance telephone service with Nanking, but the leading ports along the coast were linked with important cities in the interior. At that time Nanking was the center of inter-provincial long-distance telephone service. The 20-odd cities linked with Nanking included Peiping, Tientsin, Tatung, Yangchu, Shihchiachwang, Lanchow, Sian,

Canton, Hengyang, Changsha, Hankow, Kweilin, Nanchang, Tsinan, Tsingtao, Huiying, Hsuehchow, Kaifeng, Chengchow, Kiukiang, Anking, Tunki and Hsuancheng.

In wartime Chungking has become the center of long-distance telephone service. Direct telephone connections may be made from the wartime capital to Free China cities such as Kukong, Naiping, Kweilin, Liuchow, Chennankwan, Kunming, Kweiyang, Changsha, Hengyang, Yuanling, Kian, Shangjao, Foochow, Sian, Loyang, Lanchow, Laohokou, Hsiangyang, Fancheng, Chengtu, Nancheng and Tunki.

In view of the danger and possibility of damage or destruction by enemy bombings thus putting the service out of commission, multiple circuits have been constructed and maintained for important cities so that in case one line is not working connection between two cities can still be made via another line. Such multiple circuits are maintained between Chungking and Kweiyang, Chengtu, Sian, and Lanchow and also between Kweilin and Hengyang, Kweiyang and Wuchow. Between Chungking and Kweiyang, for instance, besides the direct line along the highway there is a circuit via Hunan.

To supplement the telephone services, radio-telephony has been employed as an auxiliary. At the end of 1942 Chungking could be reached by radio-telephone from Kunming, Chengtu, Kweiyang, Shangjao, Yungan, Kangting, Lanchow, Sichang, Kweilin, Yaan, Ninghsia and Hsiakwan while several other circuits were either nearing completion, being tested or installed.

Direct radio-telephone service between Chungking and Hongkong was inaugurated on August 15, 1939, but suspended after only a fortnight when, upon the outbreak of the war in Europe, the British authorities declared the suspension of all international radio-telephone communications. For the same reason, the Kunming-Rangoon and the Chungking-Hanoi lines were also disconnected.

RADIO PHOTO

The latest development in the field of tele-communication in China is the radio photo transmission service between China and the United States which was officially inaugurated on December 15, 1942. To mark the inauguration of the new service, simple ceremonies were held in Washington in President Roosevelt's

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oval study when he handed to Chinese Ambassador Wei Tao-ming his personally-written letter to Generalissimo Chiang Kai-shek. A battery of photographers took pictures of the ceremony which were radioed to Chungking. President Roosevelt regarded the radiophoto service between Chungking and the U. S. with great significance and asserted at a White House press conference that it will form a new bond with the Chinese people. The President also said that he broke a rule of some years' standing by writing in long-hand but he did so in view of the special occasion.

From Chungking, an autographed photograph of Chairman Lin Sen to President Roosevelt was flashed over the ether waves to the United States on the morning of December 15. Generalissimo Chiang Kai-shek returned the American President's greetings by sending a facsimile letter by radiophoto. Other transmissions were an autographed picture of Tseng Yang-fu, Minister of Communications, to the Chairman of the Federal Communications Commission, two facsimile letters, one in Chinese and the other in English, from Vice-Minister of Communications Hsu En-tseng to Mr. Pearson, chairman of the board of directors of Press Wireless, Inc., and several news photos of Lieutenant-General Joseph W. Stilwell discussing war plans with American correspondents.

The text of President Roosevelt's hand-written letter to Generalissimo Chiang reads:

"My dear Generalissimo:

"Once the vast distances between our two countries have been successively diminished by the steamship, radio, cable, airplane and now by this marvel of science which I am utilizing today, I take this unique chance to tell you how honored the people of this country including Mrs. Roosevelt and myself, feel to have with us your charming and distinguished wife.

Always sincerely yours,

(Signed) Franklin D. Roosevelt"

In reply to President Roosevelt's radiophoto message, the Generalissimo sent the following message to the American Chief Executive by the newly inaugurated service:

"My dear President:

"Your hand-written letter, transmitted by radio-photo, is an immense source of joy to me. By this newest means of communication, the march of science has brought us closer

together. May this be a symbol of the rapid progress of the United Nations' war efforts and an early realization of our common war aims in advancing the cause of freedom and equality in a world of peace, order and happiness!

"I am deeply appreciative of the warm welcome accorded Madame Chiang by you and Mrs. Roosevelt and the American people.

"With cordial greetings.

Very sincerely yours,
(Signed) Chiang Kai-shek"

Radiophoto messages were also exchanged on December 18, 1942, between Mr. Elmer Davis, Director of the American Office of War Information, and Dr. Wang Shih-chieh, until recently Minister of Information. Mr. Davis said in his message :

"If there is one belief which certainly has no chance to survive this war, it is the belief that China and the United States are on opposite sides of the earth.

"I am conscious as I write this message of greeting that one hour after I take it from my typewriter it will be placed on your desk in Chungking, many thousand miles away. The radiophotos which are being sent on the circuit we now formally open, were in Los Angeles ten minutes before you received them. At this moment shortwave transmitters in China and the United States are flashing news across the Pacific with the speed of light.

"People who can exchange their news and their ideas—and now their photographs—in minutes and seconds are not on opposite sides of the earth. They are neighbors. This is a fact which you and I, whose task it is to get the truth to the people and get it to them quickly, wherever they may be, understand particularly well.

"Today this exchange of truthful information by the United States and China helps us, and our other allies of the United Nations, in winning final victory over Japan, Germany, and the Axis satellites. Tomorrow, neighbors still, the modern media of instantaneous communication, symbolized by this radiophoto facsimile message, will help our countries, together with all the freedom-loving peoples of the world, in achieving and maintaining that mutual understanding which is essential to lasting peace, freedom and security."

Dr. Wang's reply reads:

"I wish to thank you most heartily for your radiophoto message of greeting, which is received here at amazing speed and with amazing clearness. I reciprocate every thought you expressed therein.

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"Your country is a country of great inventions and enterprises. The opening of this new service is hailed here as a broad sign as to what immense possibilities are ahead of us for implementing the collaboration between our two countries. We are indeed both happy and proud to be associated with you as an ally.

"You probably have noticed that I have just left the Ministry of Information so as to enable me to concentrate on my work at the Central Planning Board. But the successful completion of the radiophoto service will always be remembered by me as one of the happiest events during my tenure of office as Minister of Information. In this connection, I must especially mention to you that the staff members of your Office in Chungking have been doing excellent work. My association with them has been most pleasant.

"I send you my best wishes for a Merry Christmas and a Happy New Year. I take great delight in the fact that in spite of the great distance and numerous obstacles imposed by the enemy, they will reach you considerably ahead of time."

For the present, the radiophoto service in China is not open to private or commercial use. Pictures to be transmitted by the wirelessphoto circuit must be either intended for the press, newspaper or other public information purpose, or for governmental use. The Ministry of Communications announced at the time of inauguration of this new service a set of provisional rules which are given hereunder :

PROVISIONAL RULES FOR RADIO PHOTO-TELEGRAM SERVICE BETWEEN CHINA AND THE U.S.A.

(Promulgated by the Ministry of Communications on December, 15, 1942)

Article I. Every radio photo-telegram, in order to be acceptable, must fulfil the following conditions :

- (a) Nature—Pictures to be transmitted by radio photo-telegram must be intended for the press, newspapers or other public information purpose, or for governmental use. No private or commercial pictures will be accepted.
- (b) Standard Size—The standard full size is 21 centimeters in length and 17 centimeters in width, but smaller sizes are permitted. The minimum charge for each picture is fixed at 120 square centimeters.
- (c) Color—The pictures must be printed in black and white.

(d) Censorship—Pictures to be transmitted by radio photo-telegram must first be submitted to the International Department of the Ministry of Information to be censored and passed by the Department.

Article II. The charges for a radio photo-telegram from Chungking to Los Angeles, U.S.A., are fixed as follows :

- (a) Size One—120 square centimeters or less, US \$40.
- (b) Size Two—More than 120 square centimeters but less than 234 square centimeters, US \$60.
- (c) Size Three—More than 234 square centimeters, up to 357 square centimeters (i.e., 21 centimeters in length and 17 centimeters in width), US \$60 plus US \$0.25 for each square centimeter in excess of 234 square centimeters.

Article III. Radio photo-telegram may be forwarded to places beyond Los Angeles or to any other point in the continental United States of America by registered-airmail-special-delivery, with the additional charge of US \$2 for each radio photo-telegram. The sender may also request that his radio photo-telegram be forwarded by airmail-special-delivery only, in which case the additional charge will be US \$1.32. The abbreviated indication for registered-airmail-special-delivery is *air-pr-xp* and that for airmail-special-delivery is *air-xp*.

Article IV. The name and address of the receiver, the signature and address of the sender, as well as any notes or insertions written on the picture, are not charged for. If they are written on the paper glued to the edge or edges of the picture, an additional charge will be made for such space used. The preamble of the radio photo-telegram, showing the serial number and size in centimeters of picture, the date and station of origin, etc., is to be written by the telegraph office staff and transmitted without charge.

Article V. No thick or hard paper mounting may be attached to the back of the picture. In case any very thin paper is glued to the edge or edges of the picture, the aggregate length and width of picture and attached paper must not exceed 21 by 17 centimeters, but the charges are calculated according to the space actually used.

EQUIPMENT AND SUPPLIES

Equipment, machinery and all kinds of accessories for the operation of telecommunications were almost entirely imported before the war. In the past two or three years persistent efforts have been made in the direction of gradually building up self-sufficiency of such supplies. The home production

program was made more intensified following the closure of the supply routes from Hongkong and Burma. Noticeable increase in both the quantity and kind of equipment and accessories has been registered in the past year or so.

The Tele-Communications Supplies Manufacturing and Repairing Works established by the Ministry of Communications is the only factory in China manufacturing telegraph transmitting and receiving sets. Since the closure of the international supply routes, all new-type sets have been manufactured by this plant. The output of this factory during a six-month period in 1941 was 394 sets of transmitting and receiving apparatuses and 24,840 pieces of accessories. From October, 1941, to the end of August, 1942, its output included 55 Wheatstone high speed auto sets, 266 Morse sets, 29 alarm bells, 92 electrical meters, and a total of 190,506 pieces of all sorts of accessories.

The Ministry of Communications and the National Resources Commission have jointly set up a Central Insulator Works which began production in 1938. This factory is the only one in China today which produces both high and low voltage insulators for tele-communications and railway offices. In a half-year period in 1941, 764,220 pieces of insulators and other accessories were produced. A new plant was set up in western Szechwan in 1942 and another was being planned for Kansu. Production during the eleven months from October, 1941 to August, 1942 included 557,723 pieces of large-size insulators, 558,525 pieces of porcelain tubes and plates, 13,858 pieces of special-order porcelain wares, and 51,326 pieces of other porcelain wares.

A third unit, the Ministry of Communication's Iron and Steel Accessories Works, also produces various supplies for use in connection with tele-communications. In six months in 1941,

a total of 221,825 pieces of twelve kinds of bolts, nuts and other things were manufactured. This plant was expanded in 1942 so that larger quantities and greater varieties of supplies are now produced. The output of this factory during the eleven-month period from October, 1941, to August, 1942 was 25,434 spindles for insulators, 78,700 "Swan neck" brackets for insulators, 6,416 U-shaped cupholders, 46,167 diagonal braces of various kinds, 19,000 thimbles and 125,982 bolts.

In addition, the Ministry of Communications has, in collaboration with the University of Nanking, recently established the Central Storage Battery Factory to manufacture wet batteries for use of the tele-communications offices of the Ministry.

ASSISTANCE IN BURMA

During the battle of Burma early in 1942, the Ministry of Communications dispatched a group of tele-communications operators, engineers and workers to assist the Chinese Expeditionary Force in its communications in Burma. Personnel sent by the Ministry to assist in the telegraph offices along the Yunnan-Burma Highway and to engage in emergency repairs numbered around 200 and there were two engineering units, three communication units and three line-repairing units. These units were placed under the direction of a special delegate from the Ministry, who together with the engineering units worked for sometime within Burma. The other units were detailed to the Chinese-Burmese border region. At the time of Allied evacuation of Burma, a part of the workers remained to work in Burma while the others were assigned to new duties in southwestern Yunnan. The tele-communications workers who stayed behind in Burma after the enemy occupation were later able to return to the homeland by foot.

TABLE 9—TELEGRAPH AND TELEPHONE OFFICES

January, 1942

(Source:—Statistical Department of the Ministry of Communications)

DISTRICTS	TELEGRAPH OFFICES										GRAND TOTAL
	District Offices	Head Offices	1st-Class Offices	2nd-Class Offices	3rd-Class Offices	4th-Class Offices	5th-Class Offices	Receiving and Sending Stations	Agencies	International Radio Station	
Anhwei	1	..	3	1	4	25	11	..	..	..	45
Chekiang	1	5	..	11	9	15	15	9	..	..	65
Fukien	1	3	3	11	16	20	8	10	..	..	72
Honan	1	1	3	6	10	56	3	2	..	..	82
Hunan	1	6	2	21	12	35	16	4	..	..	97
Hupeh	1	1	1	3	4	38	15	5	..	..	68
Jehol, Mongolia, Chahar and Suiyuan	..	..	1	..	..	4	..	..	..	..	5
Kansu and Ninghsia	1	1	2	8	7	17	..	30	..	..	66
Kiangsi	1	3	5	18	9	26	26	9	..	..	97
Kiangsu	..	..	..	1	2	1	1	1	..	..	6
Kwangsi	1	3	5	8	10	35	2	..	..	..	64
Kwangtung	1	4	7	27	16	28	38	3	..	..	124
Kweichow	1	..	..	7	11	13	2	17	..	..	51
Shansi	..	..	..	..	..	8	1	..	..	..	9
Shensi	1	1	4	10	12	49	11	12	..	..	100
Sinkiang and Chinghai	1	..	..	2	2	21	..	..	..	..	26
Szechwan, Sikang and Tibet	1	3	8	14	19	67	19	21	..	..	152
Yunnan	1	..	..	2	4	40	1	1	..	..	49
Unclassified	..	..	..	..	..	..	..	2	1	..	3
TOTAL	15	81	44	150	147	498	169	124	2	1	1,181

TELECOMMUNICATION ACT

(Promulgated by the National Government
on August 5, 1929)

Article I. Telecommunication includes telegraph and telephone, either by wire or radio, and any other electrical communications. Transmission of signs, letters, words, images and figures by means of metallic conductor is called telegraph; that of speech and sounds is called telephone. Transmission of signs, letters, words, images and figures by means of electromagnetic waves through space is called radio telegraph; that of speech and sound is called radio telephone.

Article II. With the exception of those installed for the exclusive use of the Army,

the Navy, and the Air Force, all Government-owned or operated telecommunication systems shall be administered by the Ministry of Communications of the Executive Yuan of the National Government.

Article III. The Ministry of Communications or its deputies may grant concessions to local authorities, public or private organizations or individuals to install the following means of telecommunication in accordance with such regulations for installation as are to be fixed by the Ministry of Communications:

(a) Those which are installed for the exclusive use by railways, mining concerns or other special enterprises;

- (b) Those which are installed on board ships or aircraft for communication during their voyage or flight;
- (c) Private wires connected with the local telecommunication offices with the object of facilitating the handling of telecommunications;
- (d) Those which are installed inside a specified building or a compound for exclusive use within the limits of the building or compound;
- (e) Those which are installed for broadcasting news, speeches or lectures, meteorological reports and musical programs for the purpose of promoting public welfare;
- (f) Those which are installed for scientific or academic experiments; and
- (g) Telephone systems installed in specified areas where no telephone interconnections have been provided.

Article IV. No one who has not been licensed by the Ministry of Communications or its deputies is allowed to install a radio receiving set to intercept radio broadcasting programs in accordance with Section "e" of Article III.

Article V. The Ministry of Communications is empowered to collect license fees from, and fix reprimand regulations for, the public or private organizations or individuals in the following groups:

- (a) Those who are engaged in the operation of private telecommunication installations as provided for in Article III;
- (b) Those who install radio receiving sets as provided for in Article IV.

Article VI. The Ministry of Communications, in case of necessity, may establish censorship on private telecommunication enterprises; or in accordance with law or ordinances, commandeer private telecommunication installations for public service or military communication purposes, or appoint officials to take control of or acquire them at a fixed price.

Article VII. The importation of telecommunication apparatus and materials should be accompanied by a special permit issued by the Ministry of Communications.

Article VIII. Apparatus and materials to be used by the Government-operated telecommunication services shall be exempt from all taxation except customs import duties.

Article IX. The users of telecommunication services shall be responsible for the contents of, or consequences arising from, the telecommunications exchanged between them.

Article X. As regards the exchange of telecommunications, the acts of persons without disposing capacity are considered by the

Government as acts of persons with disposing capacity.

Article XI. Government-operated telecommunication services and their staff employees and servants are bound to observe strict secrecy as regards the existence and contents of telecommunications exchanged. The same obligation remains in force with retired employees and servants.

Article XII. Notwithstanding the restriction set forth in Article XI, Government-operated telecommunication services may comply with the official request made by a court of justice or by authorities who are responsible for the maintenance of public order to inspect a telecommunication when such is considered necessary to obtain criminal evidence.

Article XIII. For the purpose of maintaining public order and whenever deemed necessary, the Government reserves the right to suspend or restrict the transmission of telecommunication in specified areas.

Article XIV. Government telecommunication services may refuse or suspend the transmission of telecommunications the contents of which are considered to be likely to interfere with public order.

Article XV. When a telecommunication is delayed or fails to reach its destination on account of a special cause, or *force majeure* the user of the telecommunication services has no right to claim compensation for any loss or damage sustained.

Article XVI. Unless otherwise marked, a telecommunication should be delivered according to the name and address appearing on the telecommunication when it reaches the office of destination.

A public announcement shall be made in case the telecommunication should be undeliverable owing to the fact that the name or address of the recipient is unknown. The said telecommunication may be destroyed if it is not claimed by its addressee within three months after the date of public announcement.

Article XVII. During the time of military operations, telecommunication services shall have the right to request the sender of a telecommunication in cipher or code to give explanation of the meaning of his telecommunication, or may request the sender or receiver of such telecommunication to produce the code book for examination. In case of refusal to give explanation or of a false explanation, or in case of refusal to produce the code book for examination, the transmission or delivery of such telecommunication may be stopped.

Article XVIII. Government-operated telecommunication services may erect their lines across any place they see convenient. A

suitable compensation may be made to a private individual whose property has been damaged by the construction provided such damage has been verified by the Ministry of Communications or its deputies upon the petition of the said individual.

Article XIX. Nobody is permitted to obstruct the passage through any road, or customs station of employees and servants of Government-operated telecommunication services when they are discharging their duty.

Article XX. The employees and servants, as mentioned in Article XIX, in discharging their duty may pass through any yards or fields except those which are inclosed within fences or walls. Nevertheless, should damages be caused to buildings or crops by such passage, the Ministry of Communications or its deputies may, after verifying the damages, make suitable compensation to the person sustaining the damages upon the latter's petition.

Article XXI. Any person violating the provisions of Articles III or Article VII shall be liable to a fine of fifty to two thousand dollars, and all the poles, wires, apparatus and accessory parts shall be confiscated. Any person violating the provisions of Article IV or Article XX shall be liable to a fine of from five to two hundred dollars.

Article XXII. The present Act shall come into effect on the day of its promulgation.

REGULATIONS FOR PRESS TELEGRAMS

(Promulgated by the Ministry of Communications on October 3, 1941)

Article I. Press telegrams may be sent by the correspondents of newspapers, periodical publications, news agencies (hereinafter called news organizations) or radio broadcasting stations in accordance with the provisions of the present regulations.

Article II. A correspondent is permitted to send press telegrams only after having been duly authorized by, and obtaining a press card from, the Department of Telegraphs and Telephones of the Ministry of Communications (hereinafter called the Department). When applying for a press card, he must fill in an application form, as provided for in Article VI of the present regulations and submit it to the Department together with the card fee and stamp duty and two copies of his latest photograph, two by two inches.

Article III. Correspondents of foreign nationalities and Chinese correspondents representing foreign news organizations who desire to apply for press cards must first obtain certificates of registration from the Ministry of Foreign Affairs and then submit them to the

Department together with the applications mentioned in Article II.

Article IV. In the case of domestic press telegrams the charges for which are to be collected from the addressee, the applicant must submit his application to the telegraph office in the locality where the receiving news organization is situated. Upon the receipt of the application, the said office collects from the said organization a deposit or guaranty money in accordance with Article XX of the present regulations and then forwards the application to the Department for consideration. If the receiving news organization has already deposited an appropriate sum of money with the local telegraph office, the application may be sent together with a certificate of the said deposit or guaranty money direct to the Department. In case the application sent to the Department is without the certificate, a press card shall not be issued until after the local telegraph office has, by the instruction of the Department, obtained the said deposit or guaranty money.

Article V. In the case of press telegrams destined to a foreign country the charges for which are to be collected from the addressee, the receiving news organization must first make arrangement with the foreign telegraph administration which will request the Department to consider the application and issue a press card. In the absence of such advice, a press card shall not be issued until after the Department has duly arranged with the foreign telegraph administration for payment of the charges.

Article VI. A press card for prepaid press telegrams carries no restriction as to the number of places from which the messages may be sent. In the case of press telegrams the charges for which are to be collected from the addressee, each press card shall contain at most five names of places of origin, except in the case of a correspondent who has been duly verified by the Department after examination of his certificate to travel with a touring party or an army, in which case he may be granted on application a card for filling press telegrams from places in one or two provinces.

Each press card shall contain only one place of destination except in the case as specified in Article XVIII. Each of the aforesaid press cards is to be charged as follows;

Card Fee Stamp Duty

(a) For a prepaid press card .. NC\$10.00 NC\$2.00

(b) For a collect press card for press telegrams to be sent from five places or less .. 10.00 2.00

Card Fee	Stamp Duty
(c) For a collect press card for press telegrams to be sent from places in one or two provinces	NC\$20.00

Article VII. When press telegrams are submitted for transmission, the correspondent must present his press card to the office for inspection and sign his name or affix his seal on the telegram form.

The signature or seal must correspond to the name of the correspondent indicated on the press card.

If he does not present his press card, or his signature or seal does not correspond to his name indicated on the press card, the telegraph office or its local branch office may refuse to accept his telegrams.

Article VIII. All press telegrams must be addressed to the news organization or radio-broadcasting station as indicated on the press card and not to any person in the said organization or broadcasting station nor to any of its offices or agencies at any other place for retransmission.

Article IX. Domestic press telegrams are divided into two classes; ordinary press telegrams and urgent press telegrams. Foreign press telegrams are divided into three classes; ordinary press telegrams, urgent press telegrams and deferred press telegrams. Deferred press telegrams are only available to places in North America.

Article X. Press telegrams are to be transmitted in the following specified order;

- (a) Urgent press telegrams rank with urgent private telegrams,
- (b) Ordinary press telegrams rank with ordinary private telegrams,
- (c) Deferred press telegrams rank with deferred telegrams.

Article XI. Ordinary press and deferred press telegrams are charged at the respective rates specially fixed for them, and urgent press telegrams at the same rates as fixed for ordinary private telegrams.

Article XII. Press telegrams must bear, before the addressee, one of the following paid service indications;

- (a) "Press" before the addressee of an ordinary press telegram, charged as one word,
- (b) "D press," before the addressee of an urgent press telegram, charged as two words,
- (c) "LCPS," before the addressee of a deferred press telegram, charged as one word.

Article XIII. A correspondent who has obtained two or more press cards in which the receiving news organizations or radio broadcasting stations are situated in one and the same locality may send multiple copies by writing before the address the paid service indication "TMX." The copying fee for multiple press telegrams is the same as that for ordinary private multiple telegrams.

Article XIV. All press telegrams must bear service indications as listed in Articles XII and XIII, but must not bear other service indications regarding payment.

Article XV. Press telegrams must be written in plain language. They must be written in Chinese or English in the case of domestic messages and in one of the following languages in the case of foreign messages:

- (a) Chinese
- (b) English
- (c) French
- (d) The language or languages designated by the receiving office
- (e) The language in which the receiving newspaper is printed.

Article XVI. Press telegrams must only consist of information or news relating to politics, commerce, et cetera, intended for insertion in newspaper or periodical publications or for radio broadcasting, and must not contain any passage having the character of private correspondence or similar to an advertisement. Instructions relative to the publication or broadcasting of the telegram may be inserted either at the beginning or the end of the text but must be written between brackets. The number of words contained in the whole of the instructions relating to a single telegram may not be more than 5 per cent of the number of chargeable words in the text or exceed ten words in all. Both the instructions and the brackets are charged for according to the regulations.

Article XVII. Exchange and market quotations, results of sporting events and meteorological reports or forecasts with or without explanatory text are admitted in press telegrams. In case of doubt regarding the nature of quotations and figures in such messages, the dispatching telegraph office reserves the right to request the sender to verify the truthfulness of such messages.

The inclusion of meteorological reports or forecasts in press messages are only allowed in case the sender has received specific authorization from the Department and this is duly specified on the press card.

Article XVIII. The correspondent of a news agency may request that a copy of domestic press telegrams sent by him be "dropped"

at an intermediary retransmitting office for delivery to a local news organization. In the address of such drop copy telegrams should be inserted the words "drop.....(name and address of the news organization to receive the drop copy)." For example:

(a) 0022 Peiping (registered address of the receiving news organization and name of place of destination) drop 1350 Tientsin (Registered address of the news organization to receive the drop copy and name of place at which the telegram is to be dropped)(the text)

(b) Reuter Tientsin drop Reuter Chefoo...(the text)

In addition to the charge collected according to the rate fixed for press telegrams, a copying fee of two cents per word when written in Chinese and of four cents per word when written in English, is charged for drop copy press telegrams according to the number of words in the text.

Article XIX. For the arrangement of drop copy telegrams as provided for in Article XVIII, the permission of the Department must first be obtained. In case of necessity, the Department reserves the right to stop such an arrangement at any time.

Article XX. For domestic and foreign press telegrams destined for China the charges for which are to be collected from the addressee, the receiving news organization or radio broadcasting station must deposit a sum of money with the local telegraph office sufficient for the payment of charges for one month. The amount of this deposit is to be fixed by the said office which will keep an account with the depositor for settlement monthly and the latter shall renew his deposit after the settlement. In case of delay in making good any short payment by the receiving news organization or radio broadcasting station over five days after having been notified, the telegraph office may refuse to deliver its telegram and ask the Department to instruct the offices of origin to stop the acceptance of telegrams addressed to the said organization or broadcasting station.

The receiving news organization or radio broadcasting station does not have to make any deposit if it wishes to prepay a certain sum of guaranty money in accordance with the "Regulations Regarding Guarantee for Telegram Charges On Account" issued by the Ministry of Communications.

Article XXI. The office of delivery may, if and when necessary, request a written declaration from the person responsible for the receiving news organization or broadcasting station that his organization will abide by the regulations.

Article XXII. When telegrams presented as ordinary press, urgent or deferred press telegrams

do not fulfil the conditions in Article XV and XVI of the present regulations, the indication "Press," "D" or "Lcps" is to be deleted or altered to "D" or "LC" and the telegrams will be charged at the rate for ordinary, urgent or deferred telegrams respectively.

This clause also applies to any press telegram of which use is made for a purpose other than that of insertion in the columns of the newspaper or periodical or for broadcasting.

Additional charges (balance of non-press and press rates) will be collected from the addressee of press rate telegrams in the case of any of the following three conditions:

(a) The news organization or broadcasting station to which the telegram is addressed, failing a satisfactory reason, does not publish or broadcast the message, or before publication or broadcasting delivers it either to an individual or to establishments such as clubs, hostels, stock and commodity exchanges, etc.

(b) Any news organization or broadcasting station to which the telegram is addressed has sold, distributed or forwarded, before publication or broadcasting, the message to another news organization or broadcasting station. Press telegrams, however, may be sold, distributed or forwarded to other organizations for simultaneous publication or broadcasting.

(c) Press telegrams received by a news agency, failing a satisfactory explanation, have not been published in a newspaper or broadcast, or have been delivered to a third person before publication or broadcasting.

Article XXIII. In case of violation of the present regulations by news organizations, radio broadcasting stations or their correspondents the Department may temporarily suspend the transmission of their press telegrams or withdraw and cancel their press cards.

Article XXIV. The press card is not transferable.

Article XXV. The period of validity for press cards is as follows:

(a) Those issued within the first half of the year will be valid from the date of issue to the end of the next year.

(b) Those issued within the second half of the year will be valid from the date of issue to the end of June of the third year.

Article XXVI. A press card shall become null and void upon the expiration of its validity. For the renewal of a press card, the correspondent must submit, at least two months before the date

of expiration, a written application together with card fee and stamp duty and two copies of his latest photograph as specified in Article VI of the present regulations. The original card must be returned to the Department or the local telegraph office for cancellation within one month after its expiration.

Article XXVII. The provisions of the rules and regulations concerning telegrams, fixed and promulgated by the Ministry of Communications which do not conflict with the present regulations are also applicable to press telegrams.

Article XXVIII. The present regulations shall come into effect from the date of promulgation.

BROADCASTING

Although there were about 100 broadcasting stations in China at the outbreak of the war on July 7, 1937, radio broadcasting was not introduced to China until 1922 when a small field station was adapted for program transmission and set up in the building of the Wing On Company in Shanghai. Two years later, an American firm—the Kellogg Radio Company—started to operate a broadcasting station of 100-watt power in the Western District of Shanghai. This station was supported from 1926 to 1928 by the China Broadcasting Association which had a subscribing membership of 600 listeners. The program broadcast was mostly in English and consisted of news, music, lectures and other items.

Following the first stations, numerous low-powered broadcasting stations came into being. Many of them were loosely organized and ill-conducted. Most of these broadcasting stations were located in Shanghai as in 1935 the total number of stations in the environs of the metropolis exceeded 60.

The first government-owned broadcasting stations were established in Peiping and Tientsin in 1927. In 1928 the Central Broadcasting Station was inaugurated by the Central Executive Committee of the Kuomintang. Using a 500-watt Western Electric transmitting plant when it was first started, the machinery was replaced in the second year by a 75-kilowatt Telefunken station. When the National Government moved out of Nanking late in 1937 the Central station was dismantled and the machinery and equipment set up in the interior.

In July, 1927, there were also government-owned broadcasting stations in Changsha, Foochow and Sian.

For the past few years the Central Broadcasting Station has been operating in the wartime capital—Chungking. Programs from this station, being broadcast on medium-wave, are mainly for listeners at home and near the China coast. For broadcasts to America, Europe and other foreign lands the short-wave Chinese International Broadcasting Station (XGOX and XGOY) has been established. News, lectures, speeches and other programs from this short-wave station are broadcast in both Chinese and foreign languages. With *kuo yu* (mandarin) as the basic language for the Chinese program, news and other speech programs are also carried in various dialects such as Cantonese, Amoy, southern Fukienese, *Hakka*, Shanghai, and Chaochow and in Mongolian and Tibetan languages. Among the foreign languages used by the Chinese International Broadcasting Station are English (chief foreign language), Japanese, Russian, Burmese, Malayan, Dutch, Siamese, Indo-Chinese, Hindi, Korean, French and Spanish.

The Central Broadcasting Administration was established in 1932 to control broadcasting matters. At the end of 1942 there were 17 broadcasting stations in Free China under the administration.

Above the Central Broadcasting Administration is the Central Broadcasting Advisory Committee with its chairman and vice-chairman appointed by the Central Executive Committee and its nine members elected one each from the Ministry of Communications, the Ministry of Information, the Ministry of Foreign Affairs, the Ministry of Education, the Ministry of Interior, the Ministry of Social Affairs, the National Military Council, the Central Broadcasting Administration and the Board of Overseas Affairs.

The Wave-length of broadcasting stations in China, as designated by the International Radio Broadcasting Convention, is from 550 to 1,500 kilocycles for medium wave and from 600 to 2,660 megacycles for short wave.

It was estimated that before the war there were approximately 1,000,000 radio receivers in China, averaging 0.13 set per every 100 persons. Most of the million radio receiving sets were installed in the Shanghai and Nanking areas.

The Provisional Regulations Governing Control of Private Broadcasting Stations were promulgated by the Ministry of Communications on November 24, 1932.

According to these regulations Chinese citizens, all-Chinese corporations, government-registered organizations as well as Sino-foreign corporations or organizations duly registered with the National Government, may establish and operate radio broadcasting stations in China.

These regulations provide that prior to the construction of broadcasting stations, however, permits must first be obtained from the Ministry of Communications and application for such permits must state:

- (1) Name, domicile, and director of the applicant-organization;
- (2) Object of the station;
- (3) Name of the station, together with a business prospectus therefor;
- (4) Power of the transmitter, location of transmitter, and detailed engineering plans (to be submitted together with diagrams and drawings); and
- (5) Location of the broadcasting studio or studios.

Other important provisions of the Provisional Regulations Governing Control of Private Broadcasting Stations include the following:

Each application must be accompanied by a fee of ten dollars for the permit and one dollar stamp duty.

The permits are valid for six months from date of issue, but should an applicant fail to complete construction work of the station within this period, an extension of three months will be granted upon application based upon satisfactory reason. Such extension shall be granted only once.

For the operation of a broadcasting station a separate license must be applied for, and will be issued after inspection of the construction and equipment of the station has been made by special deputies from the Ministry of Communications.

Each application for broadcasting licenses must be submitted with a license fee of \$50, stamp duty of two dollars together with cash security of \$200 or shop guarantee for \$1,000. The cash security will be refunded to the licensee upon termination of validity of the license or closing of the station provided no fines have been imposed.

Licenses for radio broadcasting stations are non-transferable. New licenses must be applied for upon promulgation of

formal regulations governing control of broadcasting stations.

No broadcasting station which has not been licensed by the Ministry of Communications will be allowed to operate. The Ministry may, from time to time, appoint special representatives to investigate the conditions of various stations.

The nature of broadcasting programs must be limited to the following:

- (1) Lectures or speeches calculated to promote public welfare;
- (2) News reports (subject, however, to prohibition in case of necessity);
- (3) Music, songs and other programs;
- (4) Business or commercial reports (provided that the time taken up does not exceed 20 per cent of the daily broadcasting time).

The Ministry of Communications, whenever it deems fit, may instruct private stations to broadcast mandates of the Government, news concerning Government activities, and publicity matter of benefit to the public. Should the Ministry deem it necessary, such Government reports must be broadcast before other programs.

In the event of emergency calls from ships or airplanes, all private stations, upon being notified, must immediately stop broadcasting in order to avoid disturbance of such emergency calls. Broadcast programs may be resumed when the emergency calls have ended or when it has been ascertained that no disturbance will be caused.

No private broadcasting station shall:

- (1) Disturb or hamper the operation of Government, military, naval or air force, and public broadcasting stations;
- (2) Disobey the instructions or directions of special inspectors sent by the Ministry of Communications;
- (3) Broadcast unauthentic or false news or reports;
- (4) Communicate with any other broadcasting station in a way similar to radio-telephony;
- (5) Transmit private messages;
- (6) Broadcast news, speeches, songs or stories which are detrimental to public peace and order or to good morals;
- (7) Disturb the broadcasting of other stations.

Operators of private broadcasting stations must reduce, as much as possible, harmonics caused by antenna in order to avoid disturbing other radio stations. Should the harmonics be too great, the Ministry of Communications may order the station to improve the condition or suspend the broadcasting rights of the station.

The Ministry of Communications may penalize private broadcasting stations

- infraacting the provisions of these regulations by either of the following:
- (1) Suspension of operation;
 - (2) Revocation of license;
 - (3) Confiscation of radio apparatus, and/or a fine of not less than \$50 and not more than \$1,000.

The provisions of the International Radio Broadcasting Convention, insofar as they are not contrary to these regulations, will be considered applicable in regard to private broadcasting stations.

TABLE 10—BROADCASTING STATIONS UNDER THE CENTRAL BROADCASTING ADMINISTRATION

STATION	Call Signal	Wave-Length	Frequency	Location
Central	XGOA	250 meters 30.84	1,200 KC 9,720 KC	Chungking
Chinese International	XGOY	25.21	11,900 KC	"
Kunming	XGOX	49	6,122 KC	"
Kweichow	XPRA	435	690 KC	Kunming
Fukien	XPSA	33.40	8,484 KC	Kweiyang
Shensi	XGOL	315 30	950 KC 10,000 KC	Yungan "
Sian	XKDA	233	1,290 KC	Nancheng
Hunan	XKDA	300	1,000 KC	Sian
Kansu	XLPA	326	920 KC	Yuanling
Sikang	XMRA	21.40	1,400 KC	Lanchow
Kiangsi	XRSA	30.50	9,836 KC	Sichang
3rd War Area Mobile Station	XGOC	313	960 KC	Taiho
Chengtu	XLMA	48.39	6,200 KC	"
Kwangtung Provincial	XGOG	535	560 KC	Chengtu
Kwangsi Provincial	XGOP	24.20 260	12,440 KC 1,150 KC	Kukong "
Hunan Provincial	XGOE	426	650 KC	Kweilin
Loyang	XGOH	50	6,000 KC	Laiyang
	XGOQ	330	900 KC	Loyang

POSTAL ADMINISTRATION

The modern postal system in China dates back to 1896 although in tracing the origins of the Chinese postal system one is always led back to the government posts of the Chou dynasty, B.C. 1122-781. When the post office along modern lines was first established at the close of the 19th century the Manchu Government made no special allocations for its administration. Six offices, including Shanghai, Tientsin and Hankow, of the

Chinese Maritime Customs for several years after 1905 made an annual appropriation of 720,000 taels of silver toward the postal administration, the work of which was handled by some staff members of the Customs. The Inspectorate-General of Customs managed the postal service until 1911 when the service was transferred to the control of the Ministry of Communications and Posts and again to the Ministry of Communications upon the establishment of the Chinese Republic.

The Directorate-General of Posts was then established to take charge of the postal affairs of the whole country and to guide and supervise all its subordinate offices in the transaction of their business. In 1928 a new Directorate-General created by the National Government replaced the old one. Functioning first in Shanghai, this new directorate-general moved to Nanking in January, 1935. Since the war began, the Postal Administration moved from Nanking to Hankow, later to Kunming and then to Chungking.

The Directorate-General of Posts of the Ministry of Communications is headed by one director-general appointed by the National Government and two deputy directors-general—one of whom acts solely as the director of the Postal Remittances and Savings Banks—appointed by the Ministry of Communications. The Directorate-General has, in addition to the Directorate of Postal Remittances and Savings Banks, 24 District Head Post Offices, one Planning Committee, and the following departments:

- (1) Secretariat,
- (2) General Department,
- (3) Staff Department,
- (4) Business Department,
- (5) Accounts and Audit Department,
- (6) International Department,
- (7) Supply Department, and
- (8) Inspecting Commissioners' Office.

Through various extensions, improvement of service and reforms from time to time, the Postal Administration now maintains more than 604,900 kilometers of courier, steamer and boat, railway, motor car, and air mail lines, and 71,355

post offices of various classes. Nearly 41,000 workers are employed in the general, district head offices and other offices and agencies.

In view of the importance of postal communications to the general public as well as the Government during wartime, orders have been given to all classes of postal employees throughout the country to maintain postal services at their respective stations to the best of their ability. Only when all the local civil and military offices have been withdrawn from a place owing to hostilities, may the postal staff there withdraw to a safer locality in the immediate neighborhood, where they should still transact postal business. The order also calls the postal employees to return to their original offices for the resumption of postal services as soon as the local situation permits.

To summarize, the staff administration of the Post Office during wartime is governed by four fundamental principles: (1) maintenance by the staff of the postal services at their respective stations as far as conditions permit; (2) increase of working efficiency of the staff; (3) strict enforcement of staff discipline; and (4) practice of economy in the distribution of, and other matters concerning, staff.

For administration and supervision of post offices located in places not occupied by the enemy but in postal districts the district head office of which is located in enemy-held cities, special offices are set up. The district head offices in occupied areas still remain in control of all the postal offices in occupied areas. In February, 1943, there were 21 district head offices and five special offices under the Directorate-General of Posts.

TABLE 11.—NAME AND LOCATION OF DISTRICT HEAD OFFICES AND SPECIAL OFFICES

District	Offices	Location
Anhwei	District Head	Hwaining
Anhwei	Special	Liuan
Chekiang	District Head	Hangchow
Chekiang	Special	Lungchuan
Fukien	District Head	Foochow
Honan	District Head	Kaifeng
Honan	Special	Neihsiang
Hopei	District Head	Tientsin
*Hunan	District Head	Taohuaping
Hupeh	District Head	Hankow
Hupeh	Special	Enshih
Kansu	District Head	Lanchow
**Kiangsi	District Head	Kanhsien
Kiangsu	District Head	Nanking
Kirin and Heilungkiang	Temporarily Suspended	
Kwangsi	District Head	Kweilin
Kwangtung	District Head	Canton
Kwangtung	Special	Kukong (Shaokwan)
Kweichow	District Head	Kweiyang
Liaoning	Temporarily Suspended	
Peiping	District Head	Peiping
Shanghai	District Head	Shanghai
Shantung	District Head	Tsinan
Shensi	District Head	Sian
Sinkiang	District Head	Tihwa (Urumchi)
Szechwan, Eastern	District Head	Chungking
Szechwan, Western	District Head	Chengtu
Yunnan	District Head	Kunming

* Originally at Changsha; temporarily removed to Taohuaping.

** Originally at Nanchang; temporarily removed to Kanhsien after the fall of Nanchang.

Postal establishments are added from time to time at places where the increase in population and importance has consequently resulted in greater needs for postal service. From the time war began up to February, 1943, a total of 767 first-class, second-class and third-class post offices, 5,252 agencies, and 13,845 rural stations and rural box offices have

been added to the postal system. Of all the new establishments, two-thirds are located in provinces in the Southwest and the Northwest.

The following table gives the distribution of the total number of 71,355 postal establishments China had at the end of June, 1942:

TABLE 12.—DISTRIBUTION OF POST OFFICES AND OTHER ESTABLISHMENTS UP TO JUNE 30, 1942

(Source:—Directorate-General of Posts)

DISTRICT	MAJOR ESTABLISHMENTS							MINOR ESTABLISHMENTS			
	District Offices	1st-Class Offices	2nd-Class Offices	3rd-Class Offices	Sub-Offices	Kiosks	Agencies	Rural Box Offices	Rural Stations	Stamp-Selling Agencies	Total
Anhwei	1	2	8	24	2	...	223	168	245	45	718
Chekiang	1	5	45	108	9	...	1,296	1,103	2,329	304	5,200
Fukien	1	3	32	92	10	...	594	554	1,897	201	3,384
Honan	1	2	53	132	14	...	1,329	1,047	3,598	100	6,276
Hopei	1	...	22	76	16	...	653	306	4,201	112	5,387
Hunan	1	4	44	78	12	...	1,002	1,796	1,888	164	4,939
Hupeh	1	4	25	82	11	...	747	373	596	59	1,898
Kansu	1	4	14	57	6	...	221	217	35	37	592
Kiangsi	1	1	40	94	3	...	564	391	274	103	1,471
Kiangsu	1	3	39	105	20	1	824	812	888	454	3,097
Kwangsi	1	3	14	77	8	...	392	299	8	26	828
Kwangtung	1	2	71	126	13	...	2,029	1,469	312	304	4,327
Kweichow	1	1	18	80	5	...	314	306	70	44	839
Peiping	1	2	38	50	23	...	550	1,538	11,891	206	14,299
Shanghai	1	...	19	27	22	2	95	271	619	130	1,186
Shansi*	...	...	18	14	...	...	86	17	110	30	276
Shantung	1	2	35	117	18	...	839	849	7,693	177	9,731
Shensi	1	...	36	127	7	1	661	332	27	33	1,225
Sinkiang	1	...	14	14	...	...	73	8	...	15	125
Szechwan, E.	1	3	75	75	24	2	1,050	606	239	112	2,187
Szechwan, W.	1	3	52	86	15	...	997	931	125	112	2,322
Yunnan	1	1	21	65	8	...	437	166	334	15	1,048
TOTAL	21	45	733	1,706	246	6	14,976	13,559	37,279	2,783	71,355

* Shansi District Head Office temporarily managed by a neighboring district head office.

Since the war new postal routes opened include 59,669 kilometers of courier routes, 5,072 kilometers of steamer and boat routes, 754 kilometers of railway routes, 1,995 kilometers of motor vehicle routes, and 5,097 kilometers of air-mail routes. Courier routes have had the biggest increase as some 80 per cent of all the newly established routes belong to that category. Postal routes up to June 30, 1942, totalled 604,946 kilometers, their distribution is listed in the following table:

TABLE 13.—DISTRIBUTION AND DISTANCES OF POSTAL ROUTES
UP TO JUNE 30, 1942

(Source:—Directorate-General of Posts)

DISTRICT	POSTAL ROUTES DISTANCES (in Kilometers)					
	Courier Routes	Steamer and Boat Routes	Railway Routes	Motor Vehicle Routes	Air Routes	Total
Anhwei	6,067	813	605	...	...	7,485
Chekian	23,859	8,884	367	1,826	...	34,936
Fukien	16,692	3,971	...	2,432	...	23,095
Honan	54,614	236	813	649	...	56,312
Hopei	8,044	11	1,610	...	...	9,665
Hunan	33,784	6,456	562	1,696	...	42,498
Hupeh	13,792	412	432	669	...	15,305
Kansu	13,715	...	...	610	...	14,325
Kiangsi	20,095	523	167	3,106	...	23,891
Kiangsu	11,302	11,530	402	1,016	...	24,250
Kwangsi	15,100	3,574	564	2,440	...	21,678
Kwangtung	32,986	5,966	334	3,414	...	42,700
Kweichow	15,773	...	...	2,398	...	18,171
Peiping	35,520	...	1,143	...	...	36,668
Shanghai	3,082	10,177	183	241	...	13,683
Shansi	1,911	...	786	351	...	3,048
Shantung	47,170	192	1,154	...	...	48,516
Shensi	24,998	...	419	862	...	26,279
Sinkiang	13,438	...	...	5,036	...	18,744
Szechwan, E.	35,716	3,025	...	1,410	...	40,151
Szechwan, W.	45,855	1,381	...	1,593	...	48,829
Yunnan	23,881	...	706	1,735	...	26,322
Others	...	...	...	...	8,400	8,400
GRAND TOTAL	497,894	57,151	10,247	31,754	8,400	604,946

TABLE 14.—NUMBER AND DISTRIBUTION OF POSTAL EMPLOYEES UP TO SEPTEMBER 30, 1942

(Source:—Directorate-General of Posts.)

DISTRICT	Commiss- ioners	Deputy Commiss- ioners	Chia- Teng Yu-wu- Yuan (First Clerks)	I-Teng Yu-wu- Yuan (Second Clerks)	Tu-wu- tso (Assist- ant Clerks)	Post- men	Couriers and Other Work- men	GRAND TOTAL
Directorate-General of Posts Postal Remittances and Savings Bank	11	17	102	101	9	1	90	331
Anhwei	...	3	67	361	73	...	...	504
Chekian	1	2	19	137	151	187	345	842
Fukien	1	4	48	236	365	543	564	1,760
Honan	1	2	35	168	373	359	539	1,477
Hopei	1	2	38	260	313	526	743	1,883
Hunan	1	2	51	283	328	497	478	1,640
Hupeh	1	...	52	407	511	624	1,242	2,836
Kansu	1	1	20	85	186	409	677	1,636
Kiangsi	...	1	33	229	189	320	694	1,466
Kiangsu	...	3	48	249	513	676	602	2,091
Kwangsi	1	2	41	307	196	266	748	1,561
Kwangtung	...	3	100	475	467	575	1,244	2,864
Kweichow	1	1	44	279	232	233	926	1,716
Peiping	1	1	62	261	561	713	521	2,120
Shanghai	5	3	248	696	558	1,085	967	3,562
Shansi	...	...	8	28	57	47	81	221
Shantung	1	3	34	241	377	637	533	1,826
Shensi	...	2	27	240	450	343	1,083	2,145
Sinkiang	1	...	4	53	39	45	402	544
Szechwan, Eastern	1	2	62	469	756	652	1,315	3,257
Szechwan, Western	1	4	90	526	508	442	1,031	2,602
Yunnan	1	2	43	334	209	282	762	1,633
TOTAL	30	63	1,330	6,647	7,691	9,604	16,151	41,516

The consistent policy of the Ministry of Communications is to maintain postal services throughout China (including occupied areas as well as behind the enemy lines) and to execute transmission and delivery with promptness. During wartime mail carriers have trudged on through Free China, through war fronts, through guerrilla zones, through occupied territories to practically every nook and corner of the country. Means of transporting letters, printed matter, parcel post and other mail range from airplanes to couriers and pack animals.

Among the most marked wartime achievements of the post office is the maintenance of mail service in the war areas, places occupied by the enemy, or abroad despite tremendous transportation difficulties or enemy blockades. Prior to the outbreak of the Pacific war mail service from Free China to Shanghai was maintained mainly by air (to Hongkong) and sea. Since December, 1941, this service with Shanghai and other points in the occupied territory has had to rely on land routes. Kinhwa in Chekiang and Loyang in Honan became the centers where postal matters to and from occupied areas gather and are re-routed to destinations. Usually a longer time is required in transit because the mail has to go through a number of detours.

Mail for foreign countries during the first few years of the war was sent partly by sea and partly by Pan American Airways planes to America and by British Overseas Airways to England and Europe. Hongkong and Rangoon were the collecting centers of such foreign mail until the enemy occupation. Since then international mail has almost entirely consisted of air mail. Except for the U.S.S.R., all air mail for Europe and America has been sent by air from Chungking or Kunming to Calcutta from where connections are made with lines maintained by the British Overseas Airways. For the U.S.S.R. air mail service is maintained by Chinese commercial planes to Alma Ata where connections are made with Soviet planes.

A good army postal service has been maintained, its delivery service going as far as the frontline units. Up to the latter part of 1942 there were about 200 military post offices in the various war areas. On the average some 5,000,000 letters are collected by these military post offices every month and delivered to different destinations while approximately 6,000,000 letters are

distributed and delivered through them monthly. In addition to the letter post, there is also a parcel post service which handles monthly some 9,000 outgoing and 10,000 incoming parcels.

POSTAL TRUCKS

In view of the difficulties involved in transportation during wartime, the Postal Administration has established its own trucking service which has two truck lines—one horizontal and the other vertical—and several branch lines. The vertical postal truck line runs from Paoshan in Yunnan to Paoki in Shensi by way of Kunming, Kweiyang, Chungking and Chengtu. Covering a distance of 3,175 kilometers, it takes approximately 16 days from one end to the other of this route. The horizontal line, which requires about ten days to cover the distance of 1,025 kilometers, starts from Kweiyang and ends at Nanping in Fukien. Parts of this main route are covered by trains of the Kweichow-Kwangsi, Hunan-Kwangsi and Canton-Hankow Railways, and the line passes through cities such as Liuchow, Kweilin, Hengyang, Kukong, Kanhien and Changting.

The total length of highways which postal trucks regularly traverse is approximately 5,000 kilometers. More than 400 trucks are used on these lines, carrying a total of some 5,000,000 kilograms of postal matter each month. In ton-kilometrage, the monthly average is around 600,000.

REMITTANCES AND SAVINGS

The postal savings service is divided into five main classes—passbook savings, fixed savings, cheque savings, income deposits, and installment deposits. The postal remittance service is classified into domestic and international remittances. In the domestic system it is further divided into ordinary money orders, telegraphic money orders, and agents' postal orders.

POSTAL TARIFF

The existing postal tariff rates came into effect on June 1, 1943. An increase in postage was made in view of the fact that the Postal Administration was losing heavily as a result of increase in the costs of mail transportation.

Since the Chinese postal system was inaugurated in 1896, altogether ten revisions in postal tariff have been made. The years in which revision or increase was effected are: 1899, 1903,

1908, 1910, 1925, 1932, 1940, 1941, 1942 and 1943.

Postage for international mail is fixed in gold francs in accordance with the International Postal Convention. Before the war gold francs were exchanged at par with Chinese national dollars. The exchange rate has been officially revised three times since the war began—

TABLE 15—TARIFF LIST NO. 76
A. DOMESTIC MAIL MATTER

CATEGORY	POSTAGE		REMARKS.
	Local	Domestic	
Ordinary Letters	\$ 0.50	\$ 1.00	per 20 grs. or fraction thereof.
Postcards (single)	0.30	0.50	
,, (double)	0.60	1.00	
Newspapers (Class A)	0.10*	0.10**	*per 100 grs. **per 50 grs.
,, (Class B)	0.10*	0.10**	*per 100 grs. **per 50 grs.
,, (Class C)		0.02	per 100 grs. or fraction thereof.
Books, Printed Matter and Commercial Papers	0.20	0.30	per 100 grs. or fraction thereof. Maximum weight: 2 kilos or 3 kilos for a single volume.
Papers Impressed with Points or with Characters in Relief for the Use of the Blind	0.30	0.50	per kilo Maximum weight 7 kilos.
Trade Circulars	1.00	1.00*	per 50 sheets: *in addition to Printed Matter Fee.
Samples	0.30	0.70	per 100 grs. or fraction thereof. Maximum weight: 500 grs. \$2.00 per article. \$3.00 per article. \$1.00 per article.
Registration Fee			\$2.00 per article (fixed charge).
Registration Exp. Fee			Insurance Fee 10% (Minimum charge \$2.00) Maximum amount of Insurance \$1,000.00.
Ordinary Exp. Fee			Insurance Fee 10% (Minimum charge \$2.00) in addition to ordinary postage at the rate of \$0.80 per 50 grs. (Minimum postage \$4.00) as well as registration fee. Maximum amount of Insurance \$1,000.00.
C. O. D. (Correspondence and Parcels):			Insurance Fee 10% (Minimum charge \$2.00); Maximum amount of Insurance \$500-1,000.
Insured Letters			per 10 grs. or fraction thereof (in addition to ordinary Postage)
Insured Boxes			\$20.00 per 100 characters or fraction thereof. \$2.00 per article.
Insured Parcels			\$4.00 per article. \$1.00 per article. \$4.00 per article. \$2.70 per article.
AIR MAIL			\$10.00 each reading per article.
Letters, Newspapers, Printed Matter, Commercial Papers, Samples, Small Parcels			
Postcards (single)	1.00		
,, (double)	1.00		
"Legal Attest" Letters	2.00		
Acknowledgment of Receipt:			
Tracer or Subsequent Acknowledgment of Receipt			
Poste Restante			
Withdrawal or Change of Address:			
Change of C. O. D. Charges			
Reading of Duplicate Copy of "Legal Attest" Letters			

B—MAIL MATTER FOR ABROAD**POSTAGE**

CATEGORY	Union	Hongkong, Macao and Leased Territory of Kwang- chowwan	REMARKS
Ordinary Letters	1.50 0.90	0.50 0.50	per 20 grs. or fraction thereof. each successive unit of 20 grs. or fraction thereof.
Postcards (single)	0.90	0.25	
,, (double)	1.80	0.50	
Newspapers (Class A)	0.30	0.30	per 50 grs.
Books, Printed Matter and Commercial Papers	0.30	0.30	per 50 grs.
Papers Impressed with Points or with Characters in Relief for the Use of the Blind	0.18	0.18	per kilo. Maximum weight: 7 kilos.
Samples	0.30	0.30	per 50 grs. (Minimum postage \$0.60 per article).
Registration Fee			\$1.50 per article.
Registration Exp. Fee			\$4.50 per article.
Ordinary Exp. Fee	3.00	3.00*	*to be limited to Macao and the Leased Territory of Kwangchowwan only.
C. O. D. Charges (Correspondence and Parcels):			\$2.40 per article (fixed charge) and \$0.20 for those addressed to England
Insured Letters			\$3.00 for each 300 Gold Francs or fraction thereof. Maximum amount of Insurance 500 Gold Francs.
Insured Boxes			\$3.00 for each 300 Gold Francs in addition to postage at the rate of \$1.20 per 50 grs. (Minimum postage \$4.80); Maximum amount of Insurance 500 Gold Francs.
Acknowledgment of Receipt			\$1.50 per article.
Tracer or Subsequent Acknowledgment of Receipt			\$2.40 per article.
Poste Restante			\$0.50 per article.
Withdrawal or Change of Address:			If effected through telegram, only telegraphic expenses are collected. In case of change of address of insured articles by telegram, telegraphic expenses are collected in addition to the fixed fee of \$3.00. As to the withdrawal of insured articles by telegram, only telegraphic expenses are collected.

District Head Office, Chungking
December 1, 1942.

AIR MAIL FOR ABROAD
With regard to air mail correspondence for Europe and America, the following revised air mail surtax is payable in

addition to ordinary postage (\$1 × 50 per 20 grams) and registration or express fee, if the articles are despatched by registered or express post.

TABLE 16—AIR MAIL FOR ABROAD

1. U. S. A. and Canada	" By B. O. A. C. to Lagos, via Calcutta, and thence by P. A. A. to destination." \$8.70 per 5 grams.
2. India—Dinjan and Calcutta	" By C. N. A. C. " \$2.25 per 5 grams.
Other places	" By C. N. A. C. to Calcutta and by Air in India " \$4.25 per 5 grams.
3. Iran, Iraq, Bahrein Island, Palestine and Syria	" By British Overseas Airways via Calcutta." \$4.25 per 5 grams.
4. U. S. S. R. in Asia— (a) Alma Ata	" By Aeroflot via Alma Ata." \$0.25 per 5 grams.
(b) Other places	" By Aeroflot via Alma Ata." \$1.10 per 5 grams.
5. U. S. S. R. in Europe	" By Aeroflot via Alma Ata." \$1.30 per 5 grams.
6. Europe excepting German and Italian occupied areas	" By B. O. A. C. to Lagos, via Calcutta, and thence by P. A. A. to destination." \$11.70 per 5 grams. " By British Overseas Airways up to Durban via Calcutta and onward by surface transport." \$5.10 per 5 grams.
7. Egypt and Sudan	" By British Overseas Airways via Calcutta." \$4.25 per 5 grams.
8. Africa (except Azores Islands)	" By B. O. A. C. via Calcutta." \$5.10 per 5 grams.

District Head Office, Chungking
November 13, 1942

* * * * *

SUMMARY OF WARTIME COMMUNICATIONS STATISTICS

TABLE 17—RAILWAY KILOMETRAGE IN FREE CHINA

December, 1942

(Source:—Ministry of Communications)

	Date and Item	Kilometers
Before the war (July 7, 1937)		12,051
During the war	Lines constructed before July 7, 1937, remaining in Chinese hands	1,518
	Lines constructed after July 7, 1937	1,207
	Lines under construction	613

TABLE 18—TELEGRAPH AND LONG-DISTANCE TELEPHONE LINES IN FREE CHINA

September, 1942

(Source:—Ministry of Communications)

	Date and Item	Kilometers	Total
Before the war (July 7, 1937)	Telephone Lines	53,776	53,776 Km.
	Erected before July 7, 1937, remaining in Chinese hands	29,848	
	Erected after July 7, 1937	31,170	61,479 Km.
During the war	Under Erection	461	
	Telegraph Lines	95,322	95,322 Km.
	Erected before July 7, 1937, remaining in Chinese hands	48,697	
During the war	Erected after July 7, 1937	42,136	90,833
	Under Erection	446	91,279 Km.

TABLE 19.—NUMBER OF POST OFFICES AND KILOMETRAGE OF POSTAL ROUTES

September, 1942

(Source:—Ministry of Communications)

	Date and Item	Quantity	Total
Before the war (July 7, 1937)	Postal Routes	584,816 Km.	584,816 Km.
During the war	Routes established before July 7, 1937	404,803 Km.	
	Routes established after July 7, 1937	198,089 Km.	602,892 Km.
Before the war (July 7, 1937)	Number of Post Offices	72,690	
	Established before July 7, 1937	54,951	
	Established after July 7, 1937	16,439	71,390

TABLE 20—NUMBER OF COMMERCIAL PLANES AND KILOMETRAGE OF AIR LINES IN FREE CHINA

September, 1942

(Source:—Ministry of Communications)

Date and Item		Quantity	Total
Before the war (July 7, 1937)	Commercial Planes	30	30
Before the war (July 7, 1937)	Air Lines	13,826 Km.	13,826 Km.
During the war	Lines established before July 7, 1937, remaining in Free China	940 Km.	
	Lines established after July 7, 1937	9,300 Km.	10,240 Km.

TABLE 21.—TONNAGE OF VESSELS AND KILOMETRAGE OF INLAND WATER ROUTES IN FREE CHINA

September, 1942

(Source:—Ministry of Communications)

Date and Item	QUANTITY		Total
	Steamships	Junks*	
Before the war (July 7, 1937)	Vessels owned	500,000 Tons	665,744 Tons
	Vessels remaining in Free China	105,838 Tons	316,986 Tons
	Vessels sold to foreign interest or in occupied areas	221,009** Tons	287,696** Tons
	Vessels used for defenses	118,767** Tons	...
	Vessels damaged	54,386** Tons	61,062** Tons
	Vessels newly built	34,228 Tons	24,368 Tons
During the war	Inland water routes	17,946 Km.	38,580 Km.
	Routes established before July 7, 1937, remaining in Free China	7,741 Km.	22,000 Km.
	Routes established after July 7, 1937	2,492 Km.	2,285 Km.
Projected		1,302 Km.	...
			1,302 Km.

*Only Junks over 20 tons and registered with the Ministry of Communications are included.

**Not included in the total figure of 481,420 tons.

CHAPTER VII

COURTS AND PRISONS

COURTS

The Chinese judicial system has three grades of courts and allows three trials. The three grades of courts are the district court, the high court, and the Supreme Court. Except criminal cases, and cases involving the engineering of domestic disturbance, provocation of external dangers detrimental to the nation's relations with other countries, the first trials of which should be held by the high court, the first trials of all other cases are held by the district court, the *hsien* judicial section or the *hsien* governments, and their second trials by the high court or its branches. In minor cases only two trials are allowed.

According to the *Organic Law of Chinese Courts*, there should be a court in each *hsien* and municipality, several small *hsien* may share one court, while an unusually large *hsien* may have one court and a number of branch courts. There have been, however, both personnel and financial difficulties.

Before July, 1937, there were 417 courts of different grades in the various provinces, excluding Liaoning, Kirin, Heilungkiang and Jehol. Most of them were located in the south-eastern parts of the country. Since 1938, 85 new courts have been established, the majority being in the interior provinces. At the end of 1942, there were 24 high courts, 97 branch high courts of which 67 were functioning, and 395 district courts of which 282 were functioning.

With the spread of hostilities, many courts in the occupied areas could not function at their original seats, thus causing great inconvenience to litigants. As a remedy, the circuit court system was instituted to handle second trials, the first trials being left to district courts. In case of *hsien* under enemy occupation, first trials are held by courts in neighboring *hsien*. In December, 1938, and August, 1939, the Judicial Yuan promulgated two sets of regulations governing the holding of circuit courts in the war areas and governing the legal procedure, which was greatly simplified. Since then circuit courts have been sitting in Chekiang, Kwangtung, Hupeh, Kiangsu, Anhwei, Kiangsi, Honan, Shansi and Shantung provinces.

Each of these provinces is divided into a number of districts, and one or more judges are assigned to handle appeal cases, using simplified procedure. These judges are to maintain the closest contact with military and administrative authorities in the war zones.

In addition, the Ministry of Justice has taken the following steps: For first trials, if the government of the *hsien* where there was formerly a district court cannot hold trials and make prosecutions, these functions may be temporarily taken over by the government of a neighboring *hsien*. For second trials, if a high court or its branches cannot function, the Ministry of Justice may assign one of the district courts in that area to take over these functions temporarily. In the absence of any district court, the Ministry of Justice may designate the high court, or the branch high court, or the district court, in a neighboring area to take over these functions temporarily. If there are no courts at all in the neighboring area, the Ministry of Justice may designate judicial sections or *hsien* governments at the seat of the provincial government or at the seat of the office of the special administrative inspector to hold the second trials. The second trials of cases must be handled by district courts, *hsien* judicial sections or *hsien* governments in neighboring *hsien* and not by the same tribunals which hold the first trials. If none of the courts in a province can function the Ministry of Justice may designate the high court or its branches in a neighboring province to handle appeal cases.

For sometime it had been felt that the unsatisfactory arrangements of having magistrates perform judicial functions in a concurrent capacity should be brought to a close. As a transitory measure, *hsien* judicial sections were created with the judges holding trials and *hsien* magistrates serving concurrently as prosecutors. In April, 1936, regulations governing the establishment of *hsien* judicial sections were promulgated. A three-year program was adopted, which planned to establish judicial sections from July, 1936, to December, 1937, in all *hsien* that had no regular courts, and from January, 1938, to June, 1939,

to convert all *hsien* judicial sections into district courts. Before the war began, judicial sections had been established in 711 *hsien* to relieve magistrates of their concurrent judicial functions. Since 1937, judicial sections have been set up in 151 more *hsien* bringing the total number of *hsien* judicial sections up to 862. At the end of 1942, no magistrates in Szechwan, Kweichow, Kwangsi, Kansu, Ningsia, Chekiang, Kiangsi, Hunan, Hupeh, Fukien, Shantung and Suiyuan were concurrently judges. Whether regular courts will be established in the other 562 *hsien* depends on actual need and the number of personnel and financial resources available. Conceivably the procedure followed in the *hsien* judicial sections does not measure up to the standard in regular courts. As a precautionary measure before decisions by *hsien* judicial sections in serious criminal cases are enforced, they must be reviewed and approved by the high court or branch high court in that area. If the latter should find any errors it may return the case to the *hsien* judicial section for re-trial. Whenever necessary, it may take over the case or assign one of its own judges to preside at the re-trial in the *hsien* judicial section.

According to the extant *Code of Criminal Procedure* death sentences have to be reviewed by the Ministry of Justice before they can be enforced. Whenever necessary, the Ministry may order the Prosecuting Department to make extraordinary appeals or instruct it to conduct private investigations of cases. Only when the Ministry is absolutely sure of the correctness of the sentences, will it order their execution, which should take place three days after the arrival of its order. Cases involving life imprisonment, prison terms over five years, cases of deferred punishment, and cases involving foreign nationals, also have to be reviewed before the sentences are enforced. In 1939 the following number of criminal cases were thus reviewed:

Death penalty	71
Life imprisonment	245
Imprisonment over 5 years	1,048
Imprisonment below 5 years	11,182
Deferred punishment	6,694
Not guilty verdicts	3,054
Criminal cases involving foreign nationals	542
Public functionaries guilty of law breaches	143
Other cases	707
TOTAL	23,686

According to the extant *Code of Civil Procedure*, verdicts in civil cases of the following nature also have to be reviewed by the Ministry of Justice before they are enforced:

- (1) Cases involving property rights over \$2,000,
- (2) Cases involving personnel,
- (3) Cases involving marriage and inheritance,
- (4) Cases involving legal persons and public organizations,
- (5) Civil cases involving foreign nationals.

In 1939 the following number of civil cases were thus reviewed:

Property rights	821
Personnel	1,157
Marriage	842
Inheritance	103
Legal persons and public organizations	149
Cases involving foreign nationals	1,030
TOTAL	4,102

NUMBER OF COURTS IN VARIOUS PROVINCES (December, 1942)

Province	High Courts	BRANCH HIGH COURTS		DISTRICT COURTS	
		Before the War	Now Existing	Before the War	Now Existing
Anhwei	1	4	3	11	5
Chahar	1			2	
Chekiang	1	4	4	32	23
Chinghai	1			5	5
Fukien	1	3	3	7	6
Honan	1	5	3	12	6
Hopei	1	8		12	
Hunan	1	5	5	9	9
Hupeh	1	6	5	24	15
Kansu	1	5	5	14	14
Kiangsi	1	4	4	14	12
Kiangsu	1	5		18	1
Kwangsi	1	8	8	18	18
Kwangtung	1	8	7	81	67
Kweichow	1	5	5	16	16
Ningsia	1			4	4
Shansi	1	5	1	7	1
Shantung	1	7		29	4
Shensi	1	3	3	14	14
Sikang	1			5	5
Sinkiang	1			3	3
Suiyuan	1	1		3	
Szechwan	1	6	6	47	47
Yunnan	1	5	5	8	7
TOTAL	24	97	67	395	282

CIVIL AND CRIMINAL CASES HANDLED BY COURTS OF DIFFERENT GRADES IN THE VARIOUS PROVINCES

(July, 1941—June, 1942)

PROVINCE	CIVIL CASES		CRIMINAL CASES	
	1st Trial	2nd Trial	1st Trial	2nd Trial
Anhwei	2,213	798	2,135	860
Chekiang	15,581	4,128	10,818	3,734
Chinghai	1,131	112	203	42
Fukien	2,927	2,116	1,954	1,668
Honan	4,843	5,065	4,317	2,823
Hunan	9,035	5,026	7,804	4,188
Hupeh	4,517	1,241	3,704	1,205
Kansu	9,416	3,848	4,838	2,669
Kiangsi	3,682	2,106	3,428	2,183
Kiangsu	2,106	428	10,644	505
Kwangsi	9,470	5,991	8,780	5,757
Kwangtung	22,935	7,514	16,918	3,809
Kweichow	20,355	6,227	5,995	2,061
Ningsia	890	138	431	70
Shansi	106	38	35	35
Shensi	8,134	3,201	5,415	1,722
Sikang	4,370	676	691	108
Szechwan	73,348	17,265	31,510	7,291
Suiyuan	.....	46	.....	24
Yunnan	3,059	2,817	1,179	544
TOTAL	198,118	68,781	120,799	41,298

1939	132,874	45,838	135,837	35,521
1940	135,017	45,578	123,037	34,083
1941	186,925	65,995	139,494	40,875

THE SUPREME COURT

The Supreme Court is the highest tribunal of the land. In July, 1937, it had five civil courts and 11 criminal courts. Following the removal of the National Government to Chungking, the number of courts in the Supreme Court was reduced to eight, one in Shanghai, and the rest—three civil courts and four criminal courts—in Chungking. In 1938, an additional criminal court was

established. In 1940 with a view to clearing up unsettled cases, two provisional criminal courts were added in the Supreme Court but were subsequently abolished. In 1941 a civil court was added, thus raising the total number of courts in the Supreme Court to 10. In each court there are five judges, one of whom is the presiding judge. In rendering verdicts, the five judges must confer together.

**CIVIL CASES HANDLED BY THE SUPREME COURT
(1938-1941)**

YEAR	Appeals	Appeals for Setting Aside Rulings	Applications	
1938	Old Cases	4,710	285	71
	New Cases	3,675	1,762	626
	Decided	5,772	1,903	660
	Not Decided	2,613	144	37
1939	Old Cases	2,613	144	37
	New Cases	2,317	1,040	654
	Decided	3,239	1,055	602
	Not Decided	1,691	129	89
1940	Old Cases	1,691	129	89
	New Cases	2,912	960	450
	Decided	2,737	916	460
	Not Decided	1,866	173	79
1941	Old Cases	1,866	175	79
	New Cases	5,342	1,085	497
	Decided	3,061	953	440
	Not Decided	4,147	305	136

CIVIL CASES HANDLED BY THE SUPREME COURT
(January-August, 1942)

DATE	Number of Cases Accepted	NUMBER OF CASES DECIDED			
		Appeals	Appeals for Setting Aside Rulings	Applications	Total
1942:					
January	578	192	47	17	256
February	663	233	73	29	335
March	692	285	29	14	328
April	889	300	41	18	359
May	900	425	89	25	539
June	921	368	103	27	498
July	593	247	139	42	428
August	551	261	118	37	416
TOTAL	5,787	3,484	639	209	3,159

**CRIMINAL CASES HANDLED BY THE SUPREME COURT
(1938-1941)**

YEAR		Appeals	Appeals Extra-ordinary	Appeals for Setting Aside Rulings	Applications	Demand for Civil Relief	Others	Total
1938	Old Cases	7,025	65	140	53		32	7,315
	New Cases	4,436	67	300	165	800	123	5,891
	Decided	5,807	100	364	166	798	122	7,357
	Not Decided	5,654	32	76	52	2	33	5,849
1939	Old Cases	5,654	32	76	32		33	5,849
	New Cases	2,977	36	222	290	772	437	4,754
	Decided	4,800	62	248	314	772	470	6,666
	Not Decided	3,831	26	50	28	2		3,937
1940	Old Cases	3,831	26	50	28	2		3,937
	New Cases	2,905	65	169	140	647	605	4,531
	Decided	4,289	78	176	144	648	603	5,938
	Not Decided	2,447	13	43	24	1	2	2,530
1941	Old Cases	2,447	13	43	24	1	2	2,530
	New Cases	3,193	73	206	185	668	541	4,866
	Decided	4,132	69	211	183	669	510	5,774
	Not Decided	1,508	17	38	26		33	1,622

**CRIMINAL CASES HANDLED BY THE SUPREME COURT
(January, 1942—August, 1942)**

Date	Number of Cases Accepted	NUMBER OF CASES DECIDED						
		Appeals	Appeals Extra-ordinary	Appeals for Setting Aside Rulings	Applications	Demand for Civil Relief	Others	Total
1942 :								
January	338	269	5	6	10	52	24	366
February	359	242	5	13	5	46	15	326
March	360	316	6	17	24	47	25	435
April	389	321	7	25	25	62	23	463
May	410	284	2	21	24	45	24	400
June	365	229	5	21	29	56	14	354
July	402	147		11	12	32	11	213
August	213	147	2	12	4	40	3	208
TOTAL	2,836	1,955	32	126	133	380	139	4,373

THE ADMINISTRATIVE COURT

The Administrative Court is composed of two courts, the first and the second. Five judges attend each court, one of whom is the presiding judge. In holding trials and rendering verdicts, the five judges must confer together.

The existing *Administrative Court Procedural Law*, promulgated by the National Government in 1937, stipulates as follows: Those who have suffered losses through breaches of law by either Central or local government organs, may, in accordance with the Law of Appeals, repeat their appeals for redress, if they are not satisfied with the decisions of the organs concerned; or if they receive no decisions two months after their second appeals, they may bring suits against the government organs

in question in the Administrative Court, and accompany their suits with appeals for compensation for losses sustained.

From July, 1937 to the end of 1941, the Administrative Court handled 1,252 old and new cases, and reached decisions on 455 of them, leaving a balance of 797 cases still pending. The majority of the cases concerned disputes over taxation and trade marks. The next largest category of cases concerned land disputes. The decisions of the Administrative Court are final and no appeals to a higher court or appeal for setting aside rulings can be made. If the complainants have new evidence, they may ask for retrials. The decisions of the Administrative Court are reported to the Judicial Yuan which presents them to the National Government for enforcement.

CASES HANDLED BY THE ADMINISTRATIVE COURT

(July 1937—August 1942)

DATE.	Number of Cases Accepted (both old and new)	Number of Cases Decided	Number of Cases Undecided
July, 1937—June, 1938	307	104	203
July—December, 1938	234	73	161
January—December, 1939	229	101	128
January—December, 1940	219	58	161
January—December, 1941	263	119	144
1942:	Number of New Cases Accepted	Number of Cases Decided	
January	2	6	
February	4	11	
March	4	14	
April	6	15	
May	10	15	
June	2	6	
July	4	6	
August	4	6	

THE DISCIPLINARY PUNISHMENT COMMISSION

The Commission for the Disciplinary Punishment of Public Functionaries has two divisions, one central and the other local, both subject to the jurisdiction of the Judicial Yuan. The Central Commission punishes administrative officials throughout the country of and above the recommended rank, and public functionaries in the various Central Government organs above the delegated rank. The local commission, of which each province has one, punishes local government officials of and below the delegated rank. From January, 1937, to December, 1941, the Central Commission received 456 new cases, plus over 200 old cases left over from the previous years, and reached decisions on 608 of them. Not counting cases involving criminal offenses which were transferred to the regular court or military tribunal, the Commission decided to remove 281 from their posts, demote 135, fine 115, give demerits to 74 and admonish 24. Ninety other persons either received no punishment or were acquitted by the Commission. Among those punished 32 were of the selected rank, 340 of the recommended rank, 347 of the delegated rank. The causes of their punishment were as follows: 347 for breaches of law; 196 for derelictions in duty; 176 for failures in duty. The Commission decided more cases in 1938 than in any other single year because of a large number left over from the previous year.

PRISONS

Beginning in 1928 the National Government adopted a program of prison reform. It promulgated detailed regulations concerning management, training, work and sanitation in prisons. New prisons were erected, and old prisons improved in Kiangsu and Shantung. Later, work began under the direct control of the Judicial Yuan on six prisons in Shanghai and five other cities. The war, however, interfered with the program. Prisons in several provinces were abandoned and construction on others in the exposed areas was suspended. In order to accommodate convicts evacuated from the war zones, temporary prisons were established in Kwangtung, Kiangsi, Chekiang, Fukien, and Anhwei. At the end of 1942 there were 78 prisons, 15 branch prisons and 4 juvenile prisons. About one-fifth of them were added after the war began. In hsien having

no new prisons, convicts are serving out their terms in makeshift prisons attached to the hsien jails. Separate quarters are provided for military convicts in numerous hsien in Szechwan and Kwangtung to relieve congestion in the hsien prisons.

In August, 1937, the National Military Council promulgated a set of regulations governing the release of convicts for military service. These regulations were later revised in September, 1940. Life convicts having served more than five years, and convicts sentenced to more than ten years of imprisonment and having served one-fifth of their term, come within the scope of these regulations. Their days of service in the armed forces are counted off their term of imprisonment. Furthermore, in case of special merit or disablement from battle wounds, their sentences are rescinded. Up to February, 1942, altogether 32,537 convicts had been released for military service. A large number of them, through bravery in action, have won pardon from the National Government. A few have even become commanders of battalions and regiments through accumulation of merit in active service.

In September, 1937, following the outbreak of major hostilities in Shanghai, steps were taken to evacuate dangerous convicts from prisons in the exposed areas to prisons further in the rear, while convicts sentenced for less serious crimes were either paroled, bailed out or temporarily released, depending partly on the military situation and partly on individual cases.

NUMBER OF CONVICTS RELEASED FOR MILITARY SERVICE

(January, 1938—February, 1942)

Province	Military Convicts	Criminal Convicts	Total
Anhwei	84	617	701
Chekiang	213	550	763
Chinghai	2	2	2
Fukien	29	151	180
Honan	1,448	3,607	5,055
Hunan	198	874	1,072
Hupeh	216	1,567	1,783
Kansu	43	525	568
Kiangsi	385	2,297	2,681
Kiangsu	813	2,960	3,273
Kwangsi	428	3,058	3,486
Kwangtung	426	3,945	4,371
Kweichow	108	507	615
Shensi	413	1,847	2,260
Sikang	14	32	46
Szechwan	654	4,989	5,643
Yunnan	19	18	37
Grand Total	4,991	27,546	32,537

NUMBER OF PRISONERS DISPOSED OF BECAUSE OF THE WAR
(January, 1938—February, 1942)

PROVINCE	Paroled	Bailed for Labor Service	Released According to Emergency Regulations	Released for Military Service	Total
Anhwei	14	19	130	701	864
Chekiang	64	45	453	763	1,325
Chinghai	4	5	9	2	20
Fukien	175	146	652	180	1,153
Honan	213	1,213	5,835	5,055	12,316
Hunan	11	49	742	1,072	1,874
Hupeh	15	34	863	1,783	2,695
Kansu	47	78	349	568	1,042
Kiangsi	107	124	2,475	2,682	5,388
Kiangsu	753	1,561	2,956	3,273	8,543
Kwangsi	498	1,863	3,765	3,486	9,612
Kwangtung	164	929	4,645	4,371	10,109
Kweichow	72	214	524	615	1,425
Shensi	364	918	2,130	2,260	5,672
Sikang	6	11	12	46	75
Suiyuan	21	42	150		213
Szechwan	418	985	2,718	5,643	9,764
Ningsia	36	75	282		393
Yunnan	103	218	266	37	624
GRAND TOTAL	3,085	8,529	28,956	32,537	73,107

MODEL PRISONS

Before the war there were two model prisons in China. The First Prison of Peiping, founded in the early years of the Republic, was big enough for 500 people. Its capacity was doubled in 1920. Foreign nationals in Peiping and Tientsin (without consular jurisdiction rights) used to serve out their sentences in this prison. Attached to the prison were a hospital, a bath-house, a reformatory, a library, and athletic grounds. Christian priests were admitted to propagate the gospel among the convicts. There were also several workshops teaching the inmates such useful trades as printing, shoemaking, tailoring, carpentry and cloth-weaving. Since the fall of Peiping in July, 1937, there has been no news about this prison.

Another model prison was the Second National Prison at Peisinchin in the western suburbs of Shanghai. Under the direct control of the Ministry of Justice, this prison was begun in 1935 and work on the first unit was completed the following year with accommodation for 2,000 people. Apart from giving

the convicts the rudiments of education and teaching them useful trades, the prison made provisions for the progressive betterment in the treatment of convicts, depending on the degrees of their penitence as shown by their behavior while serving out their terms. The Ministry of Justice secured the services of a number of psychologists, sociologists and educators to work in the prison. Once every six months the records of all convicts were reviewed to see if they had made any progress and changes in their treatment were made accordingly. In many respects, the Second National Prison was more advanced than the First Prison in Peiping. Unfortunately, the buildings were destroyed during the hostilities in Shanghai in August-November, 1937.

JUDICIAL OFFICIALS

The Judicial Officials' Training Institute aims at instilling Kuomintang principles in the trainees. The period of training varies from two months to one year. Particular emphasis is laid on fostering the trainees' courage and spirit of

service in face of dangers and difficulties, and on military and academic subjects. Eight classes of judicial workers are called to attend the institute by turn:

- (1) Those who have passed the high examination for judicial officials;
- (2) Those who have passed the extraordinary high examination for judicial officials;
- (3) Those who have passed the extraordinary examination for judicial officials;
- (4) Former workers in the central and local Party organs who have passed the judicial officials' examination held specially for their benefit;
- (5) Workers in central Party organs who have been examined and chosen by the central authorities;
- (6) Active judicial officials;
- (7) Assistant judges, court clerks, and jail wardens; and
- (8) Those who have passed the entrance examination of the Judicial Officials' Training Institute.

By the end of 1941, altogether 1,393 judicial officials had been trained. About one-sixth of them were trained after the outbreak of the war in 1937. As the majority of the trainees are graduates of Chinese or foreign universities, or of law colleges, their standard was uniformly high.

Chinese judges are appointed from among successful candidates in government examinations for judicial officials. The first examination for judicial officials under the National Government took place in 1926, when 50 were chosen. In 1929, 184 were admitted into the Judicial Officials' Training Institute. In 1932, 132 were chosen in the examination for judicial officials. In 1935, 126 were chosen in the examination held for Party officials interested in judicial work. The same year, 60 were chosen through the high examination, and in 1936, 33 more were chosen through the extraordinary high examination. Since the war began, the following have been chosen in examinations for judicial officials: 41 in the special examination for Szechwan, Yunnan, and Kweichow in 1937; 47 in the high examination in 1939; 22 in the high examination in 1940; 23 in the high examination in 1941, and 205 in the special examination for judicial officials held in the same

year. In 13 examinations 973 judicial officials were chosen. In 1941, 67 court clerks and 18 jail wardens were chosen in special examinations held for these two types of officials. In the 1942 high examinations, 12 judicial officials and 2 judicial physicians were chosen. In the first of two ordinary examinations in 1942, 13 court clerks and 6 prison wardens were chosen.

Both in 1940 and 1941, the Ministry of Justice issued notices to former judicial officials, court clerks, and jail wardens who desire to return to the judicial service, to college professors, to judicial administrators and to lawyers who desire to become judges, asking them to submit their diplomas for examination. As a result, 120 were chosen and assigned to posts.

Following the abolition of consular jurisdiction in China, there will be a demand for judicial officials qualified to handle cases involving foreign nationals. Hence, high courts in the various provinces have been instructed to select from among judicial officials in their own institutions, and from among lawyers registered with them, those who are well versed in foreign languages, so that their services may be secured for the courts.

As Dr. Hsieh Kwan-sheng, Minister of Justice, has said following the abolition of consular jurisdiction, foreigners involved in cases in China will be tried by Chinese courts in accordance with Chinese laws and regulations. To facilitate supervision, foreigners to be imprisoned or detained will go to prisons designated by the Ministry of Justice or other suitable places.

In recent years a sharp decline has been witnessed in the number of students taking up the study of law in universities and colleges. This has largely been due to the wartime emphasis on practical sciences. In 1941 the Ministry of Justice suggested to the Ministry of Education that restrictions on the opening of law colleges in Chinese universities be lifted. Meanwhile it arranged with the Tahsia University in Kweiyang to provide a short course for the training of youths to become court clerks and jail wardens. There has also been a shortage of qualified judicial physicians, especially since the suspension of the Judicial Physicians' Training Institute in 1937. As a remedy, the Ministry of Education is negotiating with the Ministry of Education for the opening of short courses for judicial physicians in Chinese universities which have medical colleges.

According to regulations promulgated on November 18, 1940 (the date of enforcement has not yet been announced) Chinese judges above 60 years of age

who retire either of their own accord or are asked to retire because of health reasons, are entitled to pension, the scale of which is as follows:

LENGTH OF SERVICE

Above 6 years but below 9 years
Above 9 years but below 12 years
Above 12 years but below 15 years
Above 15 years

AMOUNT OF PENSION

Aggregate of four months' salary
Aggregate of eight months' salary
One year's salary
Either a life pension paid in annual instalments each amounting to one-third of a year's salary, or a lump sum amounting to 18 months' salary.

Judges belonging to any of the following categories are disqualified from receiving pensions: 1. Those who betray the Republic of China and for whose arrest the Government has issued orders; 2. Those who have lost their Chinese nationality; 3. Those who have been deprived of their civil rights; 4. Those who have taken up posts with remuneration; 5. Those who are practising either as lawyers or as accountants.

JUDICIAL EXPENDITURES

At the beginning of the Republic, judicial expenditures used to form part of the national budget. But during the subsequent years of internal strife, the funds were often meddled with by the warlords. In 1928, the National Government decided that judicial expenditures were to come from the local revenues. This arrangement, however, did not work out smoothly. The National Judicial Conference held in 1935 adopted two transitional measures: First, before

they were taken up by the National Treasury, the various provinces should remain charged with the duty of meeting judicial expenditures in their jurisdiction; second, the National Treasury should designate portions of the income tax, inheritance tax and other definite sources of revenue to meet judicial expenditures throughout the country.

Early in 1940, upon instruction from the Supreme National Defense Council, the Ministries of Justice and Finance came to the following agreement: Beginning from 1940 the expenditures for courts and modern prisons in Szechwan, Yunnan, Kweichow, Kwangsi, Shensi, Kansu, Sikang, Ningsia, and Chinghai were to become part of the national budget and to be met by the Central Government. In 1941, judicial expenditures in all other provinces were similarly incorporated in the national budget for the year. Judicial expenditures in 1940, 1941, 1942 and 1943, are as follows:

YEAR	Ordinary	Extraordinary	Special	Total
1940	6,760,984	419,000		\$ 6,779,984
1941	34,211,669	5,509,528		39,721,197
1942	74,528,380	6,740,576	100,000	81,368,956
1943	92,416,667	7,237,104	7,600,000	107,253,771

PUBLIC NOTARY SYSTEM

The public notary system was instituted first in the Nanking district court in April, 1935. Before July, 1937, it was extended to 27 other courts. By the end of 1941 public notary offices had been set up in 104 more courts. In 1942 the Judicial Yuan started on a program to establish a public notary office in all district courts in China.

An experimental district court was established in Pishan near Chungking in 1942, using a simplified procedure

in the trial of cases. Learned and experienced judges were assigned to Pishan. Should the results of the experiment so warrant, the practice might be extended to other parts of the country.

The system of court-assigned attorneys to defend poor defendants facing criminal charges involving more than five years of imprisonment was started in the Chungking district court in July, 1940. In 1941, the system was extended to Chengtu and Kweilin. The attorneys thus assigned receive their fees from the Government.

LIST OF EXISTING CIVIL AND CRIMINAL LAWS**Civil Laws**

NAME OF LAW	Organ of Promulgation	Date of Promulgation	Date of Enforcement	REMARKS
CIVIL CODE OF THE REPUBLIC OF CHINA	Nat'l. Gov't.	May 23, 1929 Nov. 22, 1929 ditto. ditto. ditto. ditto.	Oct. 10, 1929 May 5, 1930 May 5, 1930 May 5, 1931 May 5, 1931	
General Provisions	ditto.	Sept. 24, 1929	Oct. 10, 1929	
Obligations	ditto.	Feb. 10, 1930	May 5, 1930	
Rights Over Things	ditto.	Feb. 10, 1930	May 5, 1930	
Family	ditto.	Jan. 24, 1931	May 5, 1931	
Succession	ditto.	Jan. 20, 1931	May 5, 1931	
Law for the Application of "General Provisions"	ditto.	Feb. 10, 1930	May 5, 1930	
Law for the Application of "Obligations"	ditto.	Feb. 10, 1930	May 5, 1930	
Law for the Application of "Rights Over Things"	ditto.	Feb. 10, 1930	May 5, 1930	
Law for the Application of "Family"	ditto.	Dec. 26, 1931	Jan. 1, 1931	
Law for the Application of "Succession"	ditto.	Nov. 25, 1930	Jan. 1, 1931	
Maritime Law	ditto.	Oct. 30, 1929	Oct. 30, 1929	
Law for the Application of the Maritime Law	ditto.	July 1, 1930	July 1, 1930	
Law of Negotiable Instruments	ditto.	Dec. 26, 1929	Dec. 2, 1929	
Company Law	ditto.	Feb. 21, 1931	July 1, 1931	
Insurance Law	ditto.	Dec. 30, 1929	Not enforced	Revised Jan. 11, 1937
Regulations Governing the Registration of Legal Persons	Ministry of Justice	Dec. 2, 1929	Dec. 2, 1929	
Regulations Governing the Registration of Companies	ditto.	June 30, 1931	July 1, 1931	
Regulations Governing the Registration of Immovables	Peking Gov't.	May 21, 1922		Adopted by Nat'l. Gov't. Aug. 12, 1927
Rules for the Application of Regulations Governing the Registration of Immovables	ditto.	Aug. 24, 1922		
Regulations Governing the Liquidation of Mortgages on Immovables	Ministry of Justice, Peking Gov't.	Oct. 6, 1915		Partly adopted by the Nat'l. Gov't.
Land Law	Nat'l. Gov't.	June 30, 1930	March 1, 1936	
Law for the Application of the Land Law	ditto.	April 5, 1935	March 1, 1936	
Law of Forestry	ditto.	Sept. 15, 1932	March 12, 1935	
Regulations Governing the Application of the Law of Forestry	Ministry of Industry	Feb. 4, 1935	March 12, 1935	
Law of Fishery	Nat'l. Gov't.	Aug. 5, 1932	Aug. 5, 1932	
Revised Regulations Governing the Application of the Law of Fishery	Ministry of Industry	Nov. 1, 1932	Nov. 1, 1932	
Revised Mining Law	Nat'l. Gov't.	Jan. 23, 1932	Dec. 1, 1930	
Regulations Governing the Application of the Mining Law	Ministry of Agriculture and Mining	Oct. 25, 1930	Dec. 1, 1930	

LIST OF EXISTING CIVIL AND CRIMINAL LAWS—Contd.
Civil Laws

NAME OF LAW	Organ of Promulgation	Date of Promulgation	Date of Enforcement	REMARKS
Law of Copyright	Nat'l. Gov't.	May 14, 1928	May 14, 1928	
Regulations Governing the Application of the Law of Copyright	ditto.	May 14, 1928	May 14, 1928	
Law of Merchants	Peking Gov't.	March 2, 1914	Sept. 1, 1914	Only parts not covered by the "Obligations" chapter of the Civil Code are still valid
Regulations Governing the Application of the Law of Merchants	ditto.	July 19, 1914	Sept. 1, 1914	
Business Registration Law	Nat'l. Gov't.	June 28, 1937	June 28, 1937	
Revised Law of Trade Marks	ditto.	Nov. 23, 1935	Jan. 1, 1931	The present 37th article was added 19, Oct. 1930
Regulations Governing the Application of the Law of Trade Marks	Ministry of Industry	Dec. 30, 1930	Jan. 1, 1931	Its 37th article was revised Sept. 3, 1932
Banking Law	Nat'l. Gov't.	March 28, 1931	Not enforced	
Savings Bank Law	ditto.	July 4, 1933	July 4, 1932	
Revised Law of Stock Exchange	ditto.	April 27, 1935	April 27, 1935	
Regulations Governing the Application of the Law of Stock Exchange	Ministry of Industry and Labor	March 1, 1930	June 1, 1930	
Law of Insurance Business	Nat'l. Gov't.	July 5, 1935	Not enforced	
Regulations Governing the Application of the Insurance Business	ditto.	July 11, 1932	Not enforced	
Law of Simplified Life Insurance	ditto.	May 10, 1935	Dec. 1, 1935	Its 16th and 22nd articles were revised Oct. 19, 1935
Rules of Simplified Life Insurance	Executive Yuan	Aug. 10, 1935	Dec. 1, 1935	
Ship Registration Law	Nat'l. Gov't.	Dec. 5, 1930	July 1, 1931	
Code of Civil Procedure	ditto.	Feb. 1, 1935	July 1, 1935	Its 463rd article was revised June 26, 1942
Law for the Application of the Code of Civil Procedure	ditto.	May 10, 1935	July 1, 1935	
Bankruptcy Law	ditto.	July 17, 1935	Oct. 1, 1935	Its 27th article was revised May 1, 1937
Law for the Application of the Bankruptcy Law	ditto	July 18, 1935	Oct. 1, 1935	
Sinking Fund Law	ditto.	Jan. 7, 1937	July 1, 1937	
Regulations Governing the Application of the Sinking Fund Law	Ministry of Justice	June 5, 1937	July 1, 1937	
Provisional Regulations Governing the Public Notary System	Judicial Yuan	July 30, 1935	April 1, 1936	Revised Feb. 10, 1942
Law of Compulsory Enforcement	Nat'l. Gov't.	Jan. 19, 1940	Jan. 19, 1940	
Custody Regulations	ditto.	Aug. 12, 1940	Aug. 12, 1940	
Regulations Governing Delivery of Litigation Documents by the Post Office	Ministries of Communications and of Justice	June 1, 1936	June 1, 1936	
Regulations Supplementary to the Code of Civil Procedure in Wartime	Nat'l. Gov't.	July 1, 1941	July 1, 1941	

LIST OF EXISTING CIVIL AND CRIMINAL LAWS—Contd.
Civil Laws

NAME OF LAW	Organ of Promulgation	Date of Promulgation	Date of Enforcement	REMARKS
Provisional Regulations Governing Handling of Civil and Criminal Cases by Circuit Court in War Areas	Judicial Yuan	Aug. 18, 1939	Aug. 18, 1939	
Supplementary Regulations Governing Litigation Before Hsien Judicial Section	Nat'l. Gov't.	June 27, 1936	June 27, 1936	
Law of Litigation Fee in Civil Cases	ditto.	April 8, 1941	April 8, 1941	
Provisional Regulations Governing Fee in Non-Litigation Cases	Ministry of Justice	May 3, 1930	May 3, 1930	
Regulations Governing Fee In Public Notary Service	ditto.	Feb. 14, 1936	April 1, 1936	Revised March 4, 1926
Supplementary Regulations Governing Handling of Civil and Criminal Cases in the Experimental Court	ditto.	April 28, 1942	May 1, 1942	
Regulations Governing the Application of Laws and Regulations	Peking Gov't.	Aug. 5, 1918	Aug. 5, 1918	Adopted by the Nat'l. Gov't. Aug. 12, 1927
Criminal Laws				
Criminal Code of The Republic of China	Nat'l. Gov't.	Jan. 1, 1935	July 1, 1935	
Penal Code Governing the Army, Navy and Air Force (Revised)	ditto.	July 4, 1937	July 4, 1937	
Wartime Military Law of the Republic of China	ditto.	April 4, 1942	April 4, 1942	
Military Secrets Protection Law	ditto.	Dec. 17, 1932	April 1, 1933	
Law of Fortress and Fortified Areas (Revised)	ditto.	Sept. 27, 1937	Sept. 27, 1937	
Emergency Law Governing Punishment for Crimes Endangering the Chinese Republic	ditto.	Sept. 4, 1937	Sept. 4, 1937	
Law Governing the Self-Surrender of Communists (Revised)	ditto.	July 25, 1935	July 25, 1935	
Regulations Governing Punishment of Traitors (Revised)	ditto.	Aug. 15, 1938	Aug. 15, 1938	
Regulations Governing the Self-Surrender of Traitors	Executive Yuan	March 9, 1938	March 9, 1938	
Regulations Governing the Disposal of Traitors' Property (Revised)	Nat'l. Gov't.	Nov. 22, 1939	Nov. 23, 1939	
Provisional Regulations Governing the Punishment of Corrupt Officials	ditto.	June 27, 1938	June 27, 1939	
Provisional Regulations Governing the Punishment of Robbers and Bandits (Revised)	ditto.	Aug. 31, 1936	Aug. 31, 1936	
Wartime Regulations Governing the Protection of National Telegraph and Telephone Wires and the Punishment of Robbers and Bandits	Nat'l. Military Council and Executive Yuan	Oct. 18, 1939	Oct. 18, 1939	
Regulations Governing the Punishment of Run-away Policemen	Nat'l. Gov't.	June 28, 1937	June 28, 1937	

LIST OF EXISTING CIVIL AND CRIMINAL LAWS—Contd.

Criminal Laws

NAME OF LAW	Organ of Promulgation	Date of Promulgation	Date of Enforcement	REMARKS
Provisional Regulations Governing the Punishment of Violators of Anti-Opium and Anti-Drug Laws	Nat'l. Gov't.	Feb. 19, 1941	Feb. 19, 1941	
Rules for the Eradication of Opium and Drug Evils in Re-occupied Areas	Registered with Supreme National Defense Council	Aug. 15, 1941	Aug. 15, 1941	
Penal Regulations for Obstructors of the Enforcement of the Conscription Law	Nat'l. Gov't.	June 29, 1940	June 29, 1940	
Provisional Penal Regulations for Obstructors of National General Mobilization	ditto.	June 29, 1942	Aug. 1, 1942	
Provisional Penal Regulations for Violators of Wartime Food Control Regulations	ditto.	May 12, 1941	May 12, 1941	
Provisional Penal Regulations for Offenders Against the National Currency	ditto.	July 15, 1937	July 15, 1937	
Provisional Penal Regulations for Evaders of Customs Duties	ditto.	July 4, 1936	July 4, 1936	
Regulations Governing Acceptance of Cases of Litigation Involving Farms, Mines, Factories and Business Concerns	ditto.	Oct. 6, 1938	Oct. 6, 1938	Articles 29-33 provide punishment
Rules Prohibiting the Hoarding of Daily Necessities	Registered with Supreme National Defense Council	Dec. 5, 1939	Dec. 5, 1939	Articles 9 provides punishment
Rules Prohibiting the Hoarding of Important Daily Necessities in Wartime	Nat'l. Gov't.	Feb. 3, 1941	Feb. 3, 1941	Articles 18, 22, 34 provides punishment
Rules Governing Price Fixing and Outlawing Speculation and Manipulation	Registered with Supreme National Defense Council	Feb. 20, 1939	Feb. 20, 1939	Article 13 provides punishment
Provisional Regulations Banning Adulteration in Cotton (Revised)	Nat'l. Gov't.	Mar. 23, 1936	May 23, 1936	Articles 10 and 11 provide punishment
Law of Military Requisition	ditto.	July 12, 1937	July 12, 1937	
Law of National Labor Service	ditto.	July 2, 1937	July 2, 1937	Article 24 provides punishment
Air Defense Law	ditto.	Aug. 19, 1937	Aug. 19, 1937	Articles 9 and 10 provide punishment
Company Law	ditto.	Dec. 26, 1929	July 1, 1931	Articles 231-233 provide punishment
Law of Negotiable Instruments	ditto.	Oct. 30, 1929	Oct. 30, 1929	Article 136 provides punishment
Maritime Law	ditto.	Dec. 30, 1929	Jan. 1, 1931	Section 21 of Article 44, Section 21 of Article 56 and of Article 121, and Section 4 of Article 128 provide punishment
Law of Bankruptcy	ditto.	July 17, 1935	Oct. 1, 1935	Articles 152-159 provide punishment
Banking Law	ditto.	Mar. 28, 1931	Not enforced	Articles 46-48 provide punishment

LIST OF EXISTING CIVIL AND CRIMINAL LAWS—Contd.

Criminal Laws

NAME OF LAW	Organ of Fromulation	Date of Promulgation	Date of Enforcement	REMARKS
Hsien Bank Law	Nat'l. Gov't.	Jan. 20, 1940	Jan. 20, 1940	Articles 23-24 provide punishment
Savings Bank Law	ditto.	July 4, 1934	July 4, 1934	Article 16 provides punishment
Law of Stock Exchange (Revised)	ditto.	April 27, 1935	April 27, 1935	Articles 46-55 provide punishment
Law of Insurance Business	ditto.	July 5, 1935	Not enforced	Articles 74-79 provide punishment
Factory Law	ditto.	Dec. 30, 1932	Dec. 30, 1932	Articles 68-74 provide punishment
Law Governing Commercial Guilds	ditto.	Jan. 13, 1938	Nov. 1, 1938	Article 55 provides punishment
Law Governing Exporters' Guilds	ditto.	Jan. 13, 1938	Nov. 1, 1938	Article 59 provides punishment
Law Governing Labor Unions	ditto.	July 20, 1933	July 20, 1933	Article 47 provides punishment
Law Governing Industrial Guilds	ditto.	Jan. 13, 1938	Nov. 1, 1938	Article 55 provides punishment
Law of Collective Labor Agreement	ditto.	Oct. 26, 1930	Nov. 1, 1932	Article 19 provides punishment
Law Governing Arbitration of Labor Capital Disputes (Revised)	ditto.	Sept. 27, 1932	Sept. 27, 1932	Article 38 and others following it provide punishment
Law of Fishery	ditto.	Aug. 5, 1932	Aug. 5, 1932	Article 40 and others following it provide punishment
Law Governing Fishermen's Associations	ditto.	Aug. 5, 1932	Aug. 5, 1932	Article 26 provides punishment
Shipping Law	ditto.	Dec. 4, 1930	July 1, 1931	Articles 32-41 provide punishment
Hunting Law	ditto.	Dec. 28, 1932	April 1, 1937	Article 17 provides punishment
Law of Forestry	ditto.	Sept. 15, 1932	Mar. 12, 1935	Article 10 and others following it provide punishment
Mining Law (Revised)	ditto.	Jan. 23, 1932	Dec. 1, 1930	Article 108 provides punishment
Law of Weights and Measures	ditto.	Feb. 28, 1929	Jan. 1, 1930	Article 19 provides punishment
Provisional Regulations Governing Salt Monopoly	ditto.	May 26, 1942	Aug. 10, 1942	Article 32 and others following it provide punishment
Law of Business Tax (Revised)	ditto.	July 2, 1942	July 2, 1942	Article 18 provides punishment
Income Tax Law	ditto.	Feb. 17, 1943	Feb. 17, 1943	Chapter 5 provides punishment
Law of Wartime Excessive Profit Tax	ditto.	Feb. 17, 1943	Feb. 17, 1943	Article 11 provides punishment
Postal Law	ditto.	July 5, 1935	Nov. 1, 1935	Article 36 and others following it provide punishment
Law of Census (Revised)	ditto.	Dec. 12, 1931	July 1, 1934	Article 130 provides punishment
Law of Publications	ditto.	Dec. 16, 1930	Dec. 16, 1930	Articles 27-30 provide punishment
Law of Copyright	ditto.	May 14, 1928	May 14, 1928	Articles 33-39 provide punishment

LIST OF EXISTING CIVIL AND CRIMINAL LAWS—Concl.

Criminal Laws

NAME OF LAW	Organ of Promulgation	Date of Promulgation	Date of Enforcement	REMARKS
Code of Criminal Procedure	Nat'l. Gov't.	Jan. 1, 1935	Jan. 1, 1935	
Wartime Supplementary Regulations to the Code of Criminal Procedure	ditto.	July 1, 1941	July 1, 1941	
Supplementary Regulations Governing the Handling of Cases by the Hsien Judicial Section	ditto.	June 27, 1936	June 27, 1936	
Provisional Regulations Governing Retrial of Criminal Cases by the Hsien Judicial Section	ditto.	June 27, 1936	June 27, 1936	
Rules of the Holding of Circuit Courts in Wartime	Judicial Yuan	Dec. 15, 1938	Dec. 15, 1938	
Provisional Regulations Governing Trial of Civil and Criminal Cases by Circuit Courts in War Areas	ditto.	Aug. 8, 1939	Aug. 8, 1939	
Service Regulations of Prosecutors in War Areas	Ministry of Justice	Jan. 25, 1940	Feb. 2, 1940	
Restrictive Rules on Criminal Procedure (Revised)	ditto.	Sept. 25, 1936	July 1, 1935	
Rules of Court Police Duties	Nat'l. Gov't.	Aug. 5, 1936	Aug. 5, 1936	
Criminal Procedure for Army, Navy and Air Force Cases	ditto.	Mar. 24, 1930	Mar. 24, 1930	
Regulations Relating to Summary Procedure for Army, Navy and Air Force Cases (Revised)	ditto.	Mar. 8, 1943	Oct. 24, 1941	
Provisional Regulations Governing the Handling of Cases of Military Penal Code by High Military Organs	National Military Council	Oct. 24, 1941	Mar. 18, 1936	
Provisional Regulations Governing the Handling of Cases of Military Penal Code by Special Administrative Inspectors and Hsien Magistrates in Various Provinces	ditto.	Mar. 18, 1936	Mar. 18, 1936	
Martial Law	Nat'l. Gov't.	Nov. 29, 1934	Nov. 19, 1934	
Wartime Emergency Law for Maintenance of Peace and Order	ditto.	July 24, 1940	July 24, 1940	
Regulations Governing Things Captured on the Seas	ditto.	Dec. 15, 1932	Dec. 15, 1932	
Rules Governing the Treatment of War Prisoners	National Military Council	Oct. 15, 1937	Oct. 15, 1937	
Regulations Governing Prevention of Recurring Crimes	Ministry of Justice	July 5, 1932	July 5, 1932	
Provisional Regulations Governing Land Reclamation by Convicts	Nat'l. Gov't.	July 10, 1934	July 10, 1934	
Regulations Governing Transfer of Convicts for Military Service in Wartime	ditto.	Sept. 9, 1939	Sept. 9, 1939	

LIST OF HIGH COURTS, BRANCH HIGH COURTS, AND DISTRICT COURTS
(January 1943)

PROVINCE	Court	Location	REMARKS
Szechwan	High Court	Chengtu	
	1st Branch	Chungking	
	2nd Branch	Wanhhsien	
	3rd Branch	Luhsien	
	4th Branch	Langchung	
	5th Branch	Mienyang	
	6th Branch	Loshan	
	District Courts	Chengtu	
		Chungking	
		Wanhhsien	
		Luhsien	
		Langchung	
		Mienyang	
		Loshan	
		Kiangpei	
		Tzeliutsing	
		Fowling	
		Kiangtsin	
		Yungchuan	
		Hochuan	
		Tzechung	
		Neikiang	
		Ipin	
		Changshou	
		Kienyang	
		Fushun	
		Pishan	
		Tungliang	
		Santai	
		Hokiang	
		Tsungking	
		Fengtu	
		Kwangan	
		Tatsu	
		Penghsien	
		Hsuanhan	
		Suining	
		Kikiang	
		Tahsien	
		Lungchang	
		Jenshou	
		Fengkieh	
		Tungnan	
		Shuihung	
		Suyung	
		Nanpo	
		Mientsu	
		Meishan	
		Kienwei	
		Nanchuan	
		Yungyang	
		Kwangyuan	
		Nanchung	
		Kienko	
Kweichow	High Court	Kweiyang	
	1st Branch	Chenyuan	
	2nd Branch	Kwanling	
	3rd Branch	Tsunyi	
	4th Branch	Tuhshan	
	5th Branch	Pichieh	

**LIST OF HIGH COURTS, BRANCH HIGH COURTS, AND DISTRICT COURTS
(January 1943)—Contd.**

PROVINCE	Court	Location	REMARKS
Kweichow	District Courts	Kweiyang Chenyuan Kwanling Tsunyi Tuhshan Langtai Anshun Pichieh Tating Hsinyi Kiensi Tungtze Panhsien Tungjen Huishui (Tingfan) Tuyun	
Yunnan	High Court 1st Branch 2nd Branch 3rd Branch 4th Branch 5th Branch District Courts	Kunming Tali Chaotung Ningerh Tengchung Wenshan Kochiu Tsuyung Tali Chaotung Ningerh	Suspended
Kwangsi	High Court 1st Branch 2nd Branch 3rd Branch 4th Branch 5th Branch 6th Branch 7th Branch 8th Branch District Courts	Kweilin Nanning Wuchow Liuchow Lungchow Yuehlin (Watlam) Ishan Pinglo Poseh Kweilin Nanning Wuchow Liukiang Lungtsin Yuehlin (Watlam) Ishan Pinglo Henghsien Kweihsien Kweiping Pingnam Junghsien Pokpak	Being Organized

**LIST OF HIGH COURTS, BRANCH HIGH COURTS, AND DISTRICT COURTS
(January 1943)—Contd.**

PROVINCE	Court	Location	REMARKS
Kwangsi	District Courts	Huaihsien (Waitsap) Hohsien Poseh Pingyang	
Shensi	High Court 1st Branch 2nd Branch 3rd Branch District Courts	Sian Nancheng Yulin Ankang Sian Nancheng Yulin Ankang Lintung Paoki Chengku Sanyuan Yienyang Weinan Fufeng Fengsiang Shanghsien Pinghsien	
Kansu	High Court 1st Branch 2nd Branch 3rd Branch 4th Branch 5th Branch District Courts	Lanchow Pingliang Tienshui Wuwei Kiuchuan Wutu Lanchow Pingliang Tienshui Wuwei Kiuchuan Wutu Linsia Yungteng Minhsien Tsingning Changyeh Huihsien Lintao Lungsi	
Ningsia	High Court District Courts	Ningsia Holan Chungwei Pinglo Wuchungpao	
Chinghai	High Court District Courts	Sining Sining Lotu Hwangyuan Minho Hualung	

**LIST OF HIGH COURTS, BRANCH HIGH COURTS, AND DISTRICT COURTS
(January 1943)—Contd.**

PROVINCE	Court	Location	REMARKS
Sikang	High Court	Yaan	
	District Courts	Kanting	
		Yaan	
		Sichang	
		Hweili	
		Luting	
Sinkiang	High Court	Tihwa	
	District Courts	Tihwa	
		Kashgar	
		Ining	
Kiangsu	High Court	Tungtai	Originally at Soochow
1st Branch		Tsinkiangpu	Suspended
2nd Branch		Shanghai (International Settlement)	Suspended
		Shanghai (French Concession)	Suspended
		Hsuchow	Suspended
		Chinkiang	Suspended
		Nanking	Suspended
		Shanghai (International Settlement)	Suspended
		Shanghai (French Concession)	Suspended
Shanghai 2nd Special District Court	District Courts	Shanghai	Suspended
		Soochow	Suspended
		Chinkiang	Suspended
		Kiangtu	Suspended
		Wusih	Suspended
		Wutsin	Suspended
		Nantung	Suspended
		Sungkian	Suspended
		Taihsien	Suspended
		Hsuchow	Suspended
		Jukao	Suspended
		Hwaiying	Suspended
		Changshu	Suspended
		Tungtai	Suspended
		Hsinhua	Suspended
Chekiang	High Court	Yungho	Originally at Hangchow
1st Branch		Yungkia (Wenchow)	
2nd Branch		Kinhwa	Suspended
3rd Branch		Sinchang	Originally at Ningpo
4th Branch		Linhai	
District Courts		Hangchow	Suspended
		Yungkia	
		Kinhwa	Suspended
		Ningpo	Suspended
		Shaohing	Suspended
		Kashing	Suspended
		Wuhing	Suspended

**LIST OF HIGH COURTS, BRANCH HIGH COURTS, AND DISTRICT COURTS
(January 1943)—Contd.**

PROVINCE	Court	Location	REMARKS
Chekiang	District Courts	Linhai	
		Chuhsien	Suspended
		Lishui	
		Kienteh	
		Chuki	
		Wenlin	
		Tungyang	
		Tuyao	
		Hwangyen	
		Yungkang	
		Lanchi	
		Iwu	
		Kiangshan	
		Chenghsien	
		Haining	Suspended
		Kashan	Suspended
		Changhsing	Suspended
		Tinghai	Suspended
		Hsiaoshan	Suspended
		Sinchang	
		Ninghai	
		Lungchuan	
		Fenghwa	Suspended
		Juijan	
		Pukiang	
		Pingyang	
		Yotsing	
		Tsingtien	
Anhwei	High Court	Lihwang	Originally at Anking
1st Branch		Lukiang	Originally at Fengyang
2nd Branch		Sihsien	
3rd Branch		Wuhu	Suspended
4th Branch		Fowyang	Suspended but restored in September, 1942
District Courts		Anking	Suspended
		Wuhu	Suspended
		Hofei	Suspended
		Pengpu	Suspended
		Fowyang	
		Sihsien	
		Suancheng	
		Tungcheng	
		Shouhsien	
		Lihwang	
		Shuning	Suspended
Kiangsi	High Court	Hingkwo	Originally at Nanchang
1st Branch		Kanhsien	
2nd Branch		Kingchi	Originally at Kiukiang
3rd Branch		Taiho	Originally at Kian
4th Branch		Hokou	
District Courts		Nanchang	Suspended
		Kanhsien	
		Kiukiang	
		Hokou	
		Kian	
		Linchwan	
		Fuliang	

**LIST OF HIGH COURTS, BRANCH HIGH COURTS, AND DISTRICT COURTS
(January 1943)—Contd.**

PROVINCE	COURTS	LOCATION	REMARKS
Kiangsi	District Courts	Yitsun Poyang Hingkwo Ningtu Nankang Lichuan Taiho	
Hunan	High Court 1st Branch 2nd Branch 3rd Branch 4th Branch 5th Branch District Courts	Anhwa Yuanling Kweiyang Tzeli Shaoyang Changning Changsha Yuanling Kweiyang Changteh Shaoyang Hengyang Siangtan Lingling Hengshan	Originally at Changsha (Not Kweiyang of Kwei-chow) Originally at Changteh Originally at Hengyang
Hupeh	High Court 1st Branch 2nd Branch 3rd Branch 4th Branch 5th Branch 6th Branch District Courts	Suanen Patung Nanchang* Enshih Chihiang Yunhsien Hwangkang Wuchang Hankow Tzekwei Siangyang Enshih Shasi Yunhsien Hwangkang Suihsien Hwangsien Siaokai Yingcheng Tienmen Icheng Sishui Wuyueh Kingmen Nanchun Kocheng Chunhsien Nanchang* Kwanghwa Kienshieh Lichuan	Originally at Wuchang Originally at Ichang Originally at Siangyang Originally at Shasi Suspended Suspended Suspended Originally at Ichang Suspended Suspended
kien	High Court 1st Branch	Yungan Lungyen	*(Not Nanchang of Kiangsi) Originally at Foochow Originally at Amoy

**LIST OF HIGH COURTS, BRANCH HIGH COURTS, AND DISTRICT COURTS
(January 1943)—Contd.**

PROVINCE	COURTS	LOCATION	REMARKS
Fukien	2nd Branch	Kienow	
	3rd Branch	Tsinkiang	
	District Courts	Foochow	
		Amoy	
		Kienow	Suspended
		Lungsi	
		Tsinkiang	
		Putien	
		Yungan	
Kwangtung	High Court	Linhien	Originally at Canton
	1st Branch	Fungshun	Originally at Swatow
	2nd Branch	Pakhoi	Originally at Hoppo
	3rd Branch	Kiungshan	Suspended
	4th Branch	Lokchong	Originally at Fukong
	5th Branch	Lungchun	Originally at Waiyeung
	6th Branch	Yuehnam	Originally at Koyiu
	7th Branch	Mowming	
	8th Branch	Meihsien	
	District Courts	Canton	Suspended
		Tsungfa	
		Samshui	
		Chungshan	Suspended
		Yangkong	
		Yangchun	
		Tungkun	Suspended
		Tsengshing	Suspended
		Paoan	Suspended
		Sunwui	
		Hokshan	
		Shuntak	Suspended
		Toishan	
		Yanping	
		Hoiping	
		Tsingyun	
		Fahsien E	
		Swatow	Suspended
		Chao yang	
		Wailai	
		Chaoan	
		Jaoping	
		Kityang	
		Puning	
		Fungshun	
		Hoifung	
		Lofung	
		Hoppo	
		Yamhsien	
		Fangcheng	
		Lingshan	
		Hoihong	
		Hsuwen	
		Juiki	
		Kiungshan	Suspended
		Tanhrien	Suspended
		Mencheong	Suspended
		Tsingmai	Suspended
		Kiunglo	Suspended
		Aihsien	Suspended

COURTS AND PRISONS

LIST OF HIGH COURTS, BRANCH HIGH COURTS, AND DISTRICT COURTS
(January 1943)—Contd.

PROVINCE	Court	Location	REMARKS
Kwangtung	District Courts	Wanling	Suspended
		Yenchong	Suspended
		Kukong	
		Namyung	
		Yanfa	
		Lokchong	
		Yingtak	
		Chihsing	
		Linhsien	
		Yangshan	
		Waiyeung	
		Hoyuan	
		Tzekam	
		Yungyun	
		Liping	
		Lungchun	
		Hoping	
		Sunfung	
		Lungmoon	
		Koyiu	
		Kwangning	
		Szewe i	
		Sunhing	
		Tekhing	
		Fungchun	
		Hokin	
		Loting	
Honan		Watnam	
		Wanfow	
		Mowming	
		Sunyi	
		Tinpak	
		Fahsien W	
		Limkong	
		Wuchun	
		Meihsien	
		Taipu	
		Chiuling	
		Hingning	
		Pingyun	
		Ngwa	
	High Court	Lushih	Originally at Kaifeng
	1st Branch	Yencheng	Originally at Sinyang
	2nd Branch	Anyang	Suspended
	3rd Branch	Hiangcheng	Originally at Loyang
	4th Branch	Hwiyang	Suspended
	5th Branch	Chenping	Originally at Nanyang
	District Courts	Kaifeng	Suspended
		Sinyang	Suspended
		Anyang	Suspended
		Loyang	
		Chenghsien	
		Shangkiu	Suspended
		Hsuechang	
		Chihsien	Suspended
		Nanyang	
		Junan	
		Hwaiyang	Suspended
		Lushan	

COURTS AND PRISONS

LIST OF HIGH COURTS, BRANCH HIGH COURTS, AND DISTRICT COURTS
(January 1943)—Contd.

PROVINCE	Court	Location	REMARKS
Hopei	High Court	Loyang(Honan)	Originally at Peiping
	1st Branch	Tientsin	Suspended
	2nd Branch	Taming	Suspended
	3rd Branch	Paoting	Suspended
	4th Branch	Tangshan	Suspended
	5th Branch	Shihchiachwang	Suspended
	6th Branch	Kihsien	Suspended
	7th Branch	Yingtai	Suspended
	8th Branch	Hochien	Suspended
	District Courts	Tientsin	Suspended
		Peiping	Suspended
		Lwanhsien	Suspended
		Yingtai	Suspended
		Hochien	Suspended
		Taming	Suspended
Shantung	High Court	Paoting	Suspended
	1st Branch	Tangshan	Suspended
	2nd Branch	Shihchiachwang	Suspended
	3rd Branch	Tsohsien	Suspended
	4th Branch	Kihsien	Suspended
	5th Branch	Tinghsien	Suspended
	6th Branch		
	7th Branch		
	District Courts	Tsinan	Suspended
		Tsining	Suspended
		Tsingtao	Suspended
		Chefoo	Suspended
		Tehsien	Suspended
		Lini	Suspended
		Hotseh	Suspended
Tsinan	High Court	Tsinan	Suspended
	1st Branch	Tsining	Suspended
	2nd Branch	Tsingtao	Suspended
	3rd Branch	Chefoo	Suspended
	4th Branch	Taian	Suspended
	5th Branch	Tehsien	Suspended
	6th Branch	Lini	Suspended
	7th Branch	Hotseh	Suspended
	District Courts	Tsinan	Suspended
		Tsining	Suspended
		Tsingtao	Suspended
		Chefoo	Suspended
		Tehsien	Suspended
		Lini	Suspended
		Taian	Suspended
Weihaiwei	High Court	Weihaiwei	Suspended
	1st Branch	Changkiu	Suspended
	2nd Branch	Changtsing	Suspended
	3rd Branch	Yitu	Suspended
	4th Branch	Laiyang	Suspended
	5th Branch	Weihsien	Suspended
	6th Branch	Tsimo	Suspended
	7th Branch	Kiaohsien	Suspended
	8th Branch	Lintsing	Suspended
	9th Branch	Yehsien	Suspended
	10th Branch	Yangku	Suspended
	11th Branch	Ankiu	Suspended
	12th Branch	Chuhsien	Suspended
	13th Branch	Tenghsien	Suspended
	14th Branch	Yuncheng	Suspended
	15th Branch	Tsaohsien	Suspended
Ishui	High Court	Hotseh	Suspended
	1st Branch	Kaomi	Suspended
	2nd Branch	Liaocheng	Suspended
	3rd Branch	Weimin	Suspended
	4th Branch	Pingtu	Suspended
	5th Branch	Ishui	Suspended
	6th Branch		
	7th Branch		
	8th Branch		
	9th Branch		

**LIST OF HIGH COURTS, BRANCH HIGH COURTS, AND DISTRICT COURTS
(January 1943)—Concl.**

PROVINCE	Court	Location	REMARKS
Shansi	High Court	Hwaying (Shensi)	Originally at Taiyuan
	1st Branch	Yuncheng	Suspended
	2nd Branch	Tatung	Suspended
	3rd Branch	Linchwan	Originally at Changchih
	4th Branch	Linfen	Suspended
	5th Branch	Ningwu	Suspended
	District Courts	Taiyuan	Suspended
		Anyi	Suspended
		Tatung	Suspended
		Linchwan	Originally at Changchih
Suiyuan	High Court	Shenpa	Originally at Kweisui
	1st Branch	Paotow	Suspended
	District Courts	Kweisui	Suspended
		Paotow	Suspended
		Fengchen	Suspended
Chahar	High Court	Sian (Shensi)	Originally at Kalgan
	District Court	Changpei	Suspended

**LIST OF MODERN PRISONS IN VARIOUS PROVINCES
(October 1942)**

PROVINCE	Class	Prison	Location	REMARKS
Szechwan	A	Convicts' Colony	Pingwu	Established Oct., 1941
	A	1st Prison	Chengtu	
	B	2nd Prison	Chungking	Established Jan., 1940
	B	3rd Prison	Nanchung	Established Oct., 1942
Kweichow	A	1st Prison	Kweiyang	
Yunnan	B	1st Prison	Kunming	
Kwangsi	A	1st Prison	Kweilin	
	B	2nd Prison	Nanning	
	B	3rd Prison	Wuchow	
Shensi	A	1st Prison	Sian	
	A	2nd Prison	Nancheng	
	B	3rd Prison	Yulin	
	B	4th Prison	Ankang	
	B	5th Prison	Fengsiang	
	B	6th Prison	Chienhsien	
Kansu	B	1st Prison	Lanchow	
	B	2nd Prison	Wuwei	
	B	3rd Prison	Pingliang	
Ningsia	B	1st Prison	Ningsia	

**LIST OF MODERN PRISONS IN VARIOUS PROVINCES—Contd.
(October 1942)**

PROVINCE	Class	Prison	Location	REMARKS
Chinghai	B	1st Prison	Sining	
Sikang	B	1st Prison	Kangting	Established Jan., 1940
Sinkiang	B	1st Prison	Tihwa	
Kiangsu	A	2nd National Prison	Shanghai	Under direct control of the Ministry of Justice (Suspended)
	A	1st Prison	Nanking	Suspended
	A	2nd Prison	Shanghai	Suspended
	A	3rd Prison	Soochow	Suspended
		Branch of 3rd Prison	Soochow	Suspended
	B	4th Prison	Nantung	Suspended
	B	5th Prison	Wusih	Suspended
	B	6th Prison	Chinkiang	Suspended
	B	7th Prison	Tunghai	Suspended
	A	Shanghai 2nd Special District Prison	Shanghai (French Concession)	Suspended
Kiangsu		Branch of the 2nd Prison	Shanghai (International Settlement)	Suspended
		Branch of the 1st Prison	Kiangpu	Suspended
Chekiang	A	1st Prison	Hangchow	Suspended
	A	2nd Prison	Ningpo	Suspended
	B	3rd Prison	Kashing	Suspended
	B	4th Prison	Lungchuan	Originally at Wenchow
	B	5th Prison	Kinhwa	Suspended
	B	6th Prison	Linhai	Established Jan., 1941
	B	Sungyang Prison	Sungyang	Established Jan., 1941
Anhwei	A	1st Prison	Anking	Suspended
	B	2nd Prison	Wuhu	Suspended
	A	3rd Prison	Fowyang	
	B	Lihwang Prison	Lihwang	Established May, 1942
Kiangsi	A	1st Prison	Nanfeng	Originally at Nanchang
	A	2nd Prison	Hingkwo	Originally at Kiukiang
	B	Yuanshan Prison	Yuanshan	Established Mar., 1942
	B	Yungsin	Yungsin	Established Mar., 1942
Hunan	A	1st Prison	Changsha	
Hupeh	A	1st Prison	Kienshish	Originally at Wuchang
	A	2nd Prison	Enshih	Originally at Hankow
	B	3rd Prison	Tzekwei	Originally at Ichang
	B	4th Prison	Lichuan	Originally at Wuchang
Fukien	B	1st Prison	Kienow	Originally at Foochow
	B	2nd Prison	Lungsi	

COURTS AND PRISONS

LIST OF MODERN PRISONS IN VARIOUS PROVINCES—Concl.
(October 1942)

PROVINCE	Class	Prison	Location	REMARKS
Fukien	B	3rd Prison	Amoy	Suspended
	B	Yungan Prison	Yungan	Established July, 1941
	B	Lungyen Prison	Lungyen	Established July, 1941
Kwangtung	A	1st Prison	Canton	Suspended
	B	2nd Prison	Linhsien	Established January, 1941
	B	3rd Prison	Loting	Established January, 1941
	B	4th Prison	Sunyi	Established January, 1941
	B	5th Prison	Pingyun	Established January, 1941
Honan	A	1st Prison	Loyang	
	B	2nd Prison	Chenghsien	
	B	Loyang Prison	Loyang	Suspended
Hopei	A	1st Prison	Peiping	Suspended
	B	Branch of 1st Prison	Tsohsien	Suspended
	A	2nd Prison	Peiping	Suspended
	A	3rd Prison	Tientsin	Suspended
	B	Branch of 3rd Prison	Hochien	Suspended
	B	4th Prison	Paotong	Suspended
	B	Branch of 4th Prison	Tinghsien	Suspended
	B	5th Prison	Taming	Suspended
	B	Branch of 5th Prison	Yingtai	Suspended
	B	Branch of 5th Prison	Kihsien	
Shantung	A	1st Prison	Tsinan	Suspended
	B	Branch of 1st Prison	Licheng	Suspended
	B	Branch of 1st Prison	Changkiu	Suspended
	B	Branch of 1st Prison	Changtsing	Suspended
	A	2nd Prison	Chefoo	Suspended
	B	3rd Prison	Tsining	Suspended
	B	Branch of 3rd Prison	Tzeyang	Suspended
	A	4th Prison	Yitu	Suspended
	B	5th Prison	Tsingtao	Suspended
	B	6th Prison	Tai'an	Suspended
	B	7th Prison	Tehsien	Suspended
	B	8th Prison	Lini	Suspended
	B	Juvenile Prison	Tsinan	Suspended
	B	Weihaiwei Prison	Weihaiwei	Suspended
Shansi	B	Tsincheng Prison	Tsincheng	Suspended
	A	1st Prison	Pinglo	Originally at Taiyuan
	B	2nd Prison	Yuncheng	Suspended
	B	3rd Prison	Tatung	Suspended
	B	4th Prison	Taiku	Suspended
	B	5th Prison	Fenyang	Suspended
Suiyuan	B	6th Linchwan	Linchwan	Originally at Changchih
	B	1st Prison	Kweisui	Suspended
Chahar	A	1st Prison	Kalgan	Suspended
	B	Juvenile Prison	Kalgan	Suspended

COURTS AND PRISONS

CIVIL AND CRIMINAL CASES HANDLED BY CHINESE COURTS FROM 1930 TO 1941 CONCERNING NATIONALS OF COUNTRIES HAVING NO CONSULAR JURISDICTION IN CHINA

COUNTRIES	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	TOTAL
Abyssinia—Civil Criminal	1	...	...	1	...	...	1
Argentina—Civil Criminal	1	...	...	...	...	...	...	1
Austria—Civil Criminal	3	1	1	9	12	1	1	1	2	4	35
Bulgaria—Civil Criminal	1	1	1	...	...	1	...	...	2
Chile—Civil Criminal	1	1	2	2	1	...	...	...	...	7
Czechoslovakia—Civil Criminal	1	10	2	6	7	1	...	1	3	1	34
Estonia—Civil Criminal	1	...	...	...	...	...	...	1
Finland—Civil Criminal	1	1	...	...	2	...	3	...	1	5
Germany—Civil Criminal	...	187	195	106	186	116	57	43	26	24	46	61	997
Greece—Civil Criminal	...	4	1	8	4	12	7	6	2	4	1	1	50
Hungary—Civil Criminal	2	1	5	1	1	1	2	1	2	1	17
Iran—Civil Criminal	2	1	1	2	...	2	1	...	6
Iraq—Civil Criminal	1	6	3	2	2	1	...	2	16
Jugoslavia—Civil Criminal	1	10	2	6	7	1	...	1	3	1	34
Latvia—Civil Criminal	1	...	3	5	1	...	...	1	1	2	11
Lithuania—Civil Criminal	2	...	3	...	3	...	...	1	1	1	11
Pataguary—Civil Criminal	1	...	...	1
Poland—Civil Criminal	...	2	17	19	10	4	7	5	7	3	18	12	34
Rumania—Civil Criminal	...	1	5	5	5	4	24	9	24	6	4	5	145

COURTS AND PRISONS

**CIVIL AND CRIMINAL CASES HANDLED BY CHINESE COURTS FROM 1930
TO 1941 CONCERNING NATIONALS OF COUNTRIES HAVING NO
CONSULAR JURISDICTION IN CHINA—Contd.**

COUNTRIES	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	TOTAL
Thailand— Civil	...	...	...	...	...	...	...	1	2	...	...	...	3
Criminal	...	...	...	...	...	...	...	...	...	...	...	...	...
Turkey— Civil	1	3	...	...	1	...	...	2	1	1	...	...	9
Criminal	...	...	...	...	...	...	...	...	...	...	...	...	...
Uruguay— Civil	...	...	...	...	...	1	...	...	...	...	...	...	1
Criminal	...	...	...	...	...	...	...	...	...	...	...	...	...
U.S.S.R.— Civil	...	303	178	322	345	296	174	91	39	97	55	46	1,946
Criminal	2	177	195	267	219	321	251	285	123	236	186	125	2,387
Venezuela— Civil	...	...	...	...	...	1	...	...	...	...	...	...	1
Criminal	...	...	...	...	...	...	...	...	...	...	...	...	...
No Nationalities— Civil	...	...	4	18	17	11	16	4	1	3	10	11	91
Criminal	...	4	4	27	35	24	30	17	3	47	46	42	279
TOTAL— Civil	5	447	380	482	570	495	299	161	79	143	121	145	3,322
Criminal	5	222	245	370	321	433	350	361	153	371	284	213	3,328

**NUMBER OF LAWYERS HOLDING CERTIFICATES FROM THE MINISTRY
OF JUSTICE
(January, 1943)**

Province	Number	Province	Number
Anhwei	235	Kwangsi	178
Chahar	15	Kwangtung	756
Chekiang	1,159	Kweichow	92
Fukien	397	Shansi	78
Honan	303	Shantung	490
Hopei	929	Shensi	77
Hunan	310	Sikang	7
Hupeh	295	Suiyuan	16
Jehol	5	Szechwan	567
Kansu	18	Yunnan	33
Kiangsi	356		
Kiangsu	2,929		
		TOTAL	9,245

CHAPTER VIII

MILITARY AFFAIRS

THE NATIONAL MILITARY COUNCIL

The National Government, according to Article 3 of its Organic Law, "has the supreme command of the land, naval and air forces." Actually, however, this power is exercised by the chairman of the National Military Council. Article 1 of the Council's organic regulations reads: "With a view to strengthening national defense and leading the entire army and people in the prosecution of the war, the National Government specially orders the establishment, under it, of the National Military Council; and vests in its chairman the power to exercise the function provided in Article 3 of the Organic Law of the National Government." Article 4 of the Council's organic regulations stipulates as follows: "The chairman of the National Military Council, in shouldering his full responsibility of national defense, shall have supreme command of the land, naval and air forces, and shall direct the people of the entire nation."

During the Northern Expedition the National Military Council was the highest administrative organ of military affairs, while the General Headquarters of the Commander-in-Chief of the Nationalist Forces, which existed simultaneously, was in actual command. Both organs were under the direction of the Kuomintang Central Executive Committee or its Political Committee. In November, 1928, following the successful completion of the expedition, the two organs were abolished. In their place four new organs were created, namely, the Ministry of Military Affairs, the Directorate-General of Military Training, the Board of General Chief, and the Military Advisory Council, all directly under the National Government. Not long afterwards, in March, 1929, with the enforcement of the five Yuan system of government, the General Headquarters of the Commander-in-Chief of Land, Naval and Air Forces was set up and placed in control of the above-mentioned four military organs. The Ministry of Military Affairs was (and is) at the same time a unit under the Executive Yuan.

The National Military Council, as it is organized at present, took form in

March, 1932, after the Japanese invasion of Manchuria the previous autumn had made manifest the necessity of unifying the various military organs. According to its organic regulations, last revised in June, 1940, the National Military Council has a chairman (Generalissimo Chiang Kai-shek), and from seven to nine members, the Chief of Staff, the Deputy-Chiefs of Staff, and the heads of the Board of Military Operations, Ministry of Military Affairs, Board of Military Training, Board of Political Training, and Military Advisory Council being all members *ex-officio*. For sometime, the National Military Council had one or two vice-chairmen. These posts, however, have been abolished. The post of the Chief of Staff was created in January, 1938, to assist the chairman of the National Military Council in handling affairs of the Council and in directing the work of the different boards, commissions and departments in the Council. The duty of members of the Council is to assist the chairman in devising plans of national defense.

The Council has a Main Office which is its central organ. It transmits military orders and handles the general affairs of the National Military Council. Any work that does not come within the sphere of any of the subordinate organs or that is common to two or more subordinate organs of the Council goes to the Main Office.

Besides the Main Office, the Council has the following permanent organs:

(1) The Board of Military Operations which is in charge of the (a) erection of works of national defense, local pacification, and the mobilization of land, naval, and air forces for war; (b) the planning and execution of services of a military nature; (c) the collection of military intelligence and of information on international relations; and (d) the control over members of the staff, the War College, the Bureau of National Surveying, and military attachés residing in foreign countries.

(2) The Board of Military Affairs (concurrently the Ministry of Military Affairs in the Executive Yuan) which is in charge of (a) the organization and

improvement of the army, the maintenance of the requisite number of men in the army, the maintenance and supply of horses for the army, the maintenance and improvement of facilities of communication and of military intelligence, and preparations for general mobilization; (b) the preparation and proper distribution of military funds, rations, uniforms, equipment, camps, and other military supplies; the erection and management of military stations and storehouses; and the utilization of privately-owned industrial resources in connection therewith; (c) the preparation and proper distribution of munitions; the erection and management of arsenals and military stores; and the utilization of privately-owned industrial resources in connection therewith; and (d) supervision over the health and sanitation of the army and the establishment of hospitals and medical stations.

(3) The Board of Military Training which is in charge of (a) the training, improvement, and supervision of the military forces; and (b) the establishment and improvement of military schools and institutions.

(4) The Board of Political Training which is in charge of (a) the political training of the military forces; and (b) war services at the front, organization of the people, and propaganda in the war areas.

(5) The Board of Supplies and Transport which is in charge of (a) the furnishing and transportation of military supplies; and (b) the establishment of military stations; and (c) the establishment and management of sanitary stations.

(6) The Directorate-General of Courts Martial which is in charge of (a) the execution of military laws; and (b) the maintenance of military discipline.

(7) The Awards and Pensions Commission which is in charge of pensions.

(8) The Transportation Control Administration which is in charge of the control of transportation lines, fuel, and motor vehicles.

(9) The Military Personnel Administration which is in charge of the ranking of the officers and men in military service.

(10) The National Aeronautical Affairs Commission which is in charge of the establishment, well-being, training, and command of the air force.

(11) The Naval Headquarters which is in charge of the training and command of the naval forces.

(12) The Military Advisory Council which is in charge of military research. The councillors serve as advisers to the chairman of the National Military Council.

(13) The Counsellors' Office which is in charge of research on non-military subjects and the giving of advice to the chairman of the National Military Council.

(14) The Commission of Inspection which is in charge of the inspection of all armed forces and military educational institutions.

(15) The Commission on Laws and Regulations which is in charge of the study, making, and revision of military laws and regulations.

(16) The Commission on Perscrutation which is in charge of the investigation of the work and progress of all armed units, military schools, and military offices.

(17) The Bureau of Foreign Affairs, which is in charge of activities in connection with foreign military missions and other military matters relating to foreign countries.

(18) The Foreign Advisers' Office which is in charge of affairs concerning foreign military advisers to the Chinese Army.

(19) The Bureau of Censorship which is in charge of the control of wartime news, dispatches and publications in the country.

Besides, there are a number of other offices in charge of such things as the research in international affairs, the Sino-Japanese war history, investigation and statistics. The chairman of the National Military Council has a personal headquarters assisting him in the transmission of orders and the execution of other duties.

PERSONNEL OF PRINCIPAL ORGANS UNDER THE NATIONAL MILITARY COUNCIL

CHAIRMAN: Chiang Kai-shek.

MEMBERS:

Yen Hsi-shan
Feng Yu-hsiang
Li Tsung-jen
Li Chi-shen (Li Chai-sum)
Cheng Chien
Chen Shao-kwan
Tang Sheng-chih
Hsiung Shih-hui
Wei Li-huang
Wan Fu-lin

CHIEF OF STAFF: Ho Ying-chin

DEPUTY CHIEFS OF STAFF: Pai Chung-hsi
Cheng Chien

MILITARY ADVISORY COUNCIL
PRESIDENT: Chen Tiao-yuan
VICE-PRESIDENTS: Wang Shu-chang
Chang Fang

**NATIONAL AERONAUTICAL AFFAIRS
COMMISSION**

CHAIRMAN: Chiang Kai-shek
DIRECTOR: Chow Chih-jou
DEPUTY-DIRECTORS: Huang Kwang-jui
Mao Pang-chu

NAVAL HEADQUARTERS

COMMANDER-IN-CHIEF: Chen Shao-kwan
CHIEF OF STAFF: Chen Hsin-yung

**MAIN OFFICE OF THE NATIONAL
MILITARY COUNCIL**

DIRECTOR: Shang Chen
DEPUTY-DIRECTOR: Yao Tsung

BOARD OF MILITARY AFFAIRS

MINISTER: Ho Ying-chin
POLITICAL VICE-MINISTER:
Chien Ta-chun

ADMINISTRATIVE VICE-MINISTER:
Chang Ting-fan

BOARD OF MILITARY OPERATIONS

MINISTER: Hsu Yung-chang.
VICE-MINISTERS: Liu Fei
Lo Cho-yin

BOARD OF MILITARY TRAINING

MINISTER: Pai Chung-hsi
VICE-MINISTERS: Liu Shih-yi
Wang Chun

BOARD OF POLITICAL TRAINING

MINISTER: Chang Chih-chung
VICE-MINISTERS: Wang Tung-yuan
Liang Han-chao

BOARD OF SUPPLIES AND TRANSPORT

MINISTER: Yu Fei-peng
VICE-MINISTERS: Chen Ching-Chieh
Tuan-mu Chieh

**DIRECTORATE-GENERAL OF COURTS
MARTIAL**

DIRECTOR-GENERAL: Ho Cheng-chun
DEPUTY DIRECTOR: Chin Teh-chun.

AWARDS AND PENSIONS COMMISSION

DIRECTOR: Ho Chien
DEPUTY-DIRECTORS: Wu Ssu-yu
Chang Ting-fan

**TRANSPORTATION CONTROL
ADMINISTRATION**

DIRECTOR: Ho Ying-chin
DEPUTY-DIRECTOR: Tang Sheng-chih
CHIEF OF STAFF: Yu Fei-peng

**MILITARY PERSONNEL
ADMINISTRATION**

DIRECTOR: Wu Ssu-yu
DEPUTY-DIRECTOR: Chien Cho-lun

**COUNSELLORS' OFFICE OF THE
NATIONAL MILITARY COUNCIL**

DIRECTOR: Wang Shih-chieh

GENDARMES HEADQUARTERS
COMMANDER: Ho Kuo-kwang
DEPUTY-COMMANDER: Chang Chen

**GENERALISSIMO'S PERSONAL
HEADQUARTERS**

DIRECTOR, FIRST DEPARTMENT:
Lin Wei
DIRECTOR, SECOND DEPARTMENT:
Chen Pu-lei.
DIRECTOR, THIRD DEPARTMENT:
Chen Kuo-fu

ARMY

FIELD ORGANIZATION

The basic field organization of the Chinese Army is the division. Divisions are grouped together to form armies and group armies under the commanders of war areas in which they operate. The fighting strength of the division has been increased with the addition of personnel and equipment. The numerical strength and fire-power in individual division, army, or group army may be varied to a considerable degree. The National Military Council launched a reorganization plan in 1939 to strengthen each unit and to cut down unnecessary personnel and expenses. The reorganization is still in progress. A number of crack units and those with good combat records are to receive better equipment and training so that they may serve as the mainstay in the general counter-offensive to come. The fall of Burma and the closing of the Burma Road retarded this plan. Still, the Ministry of Military Affairs has not in any way relaxed its efforts in this connection.

Major attention has been paid to the strengthening of the special arms of the Chinese Army. The number of these units has been increased from three to six times the pre-war figures. Increases in artillery and engineering corps are particularly noteworthy. Mechanized units are also increased both in number and in fighting strength. Promising officers and engineers have been sent abroad for advanced training.

At one time the nation had more than 800,000 guerilla fighters operating behind Japanese lines. To increase their combat strength, the Chinese High Command ordered their total reorganization some time ago. The guerillas are officially known as "assault units". At present 356,000 of them are fighting, the majority of them on the northern front.

EQUIPMENT AND SUPPLIES

Although China has to depend upon foreign supplies for airplanes, heavy artillery, and other modern equipment,

her arsenals are producing enough small arms to equip her troops. Arsenals in Nanking, Shanghai, Shantung, Honan, Hupeh, and other provinces were moved to the interior in the earlier years of the war. New arsenals have been established to supplement arms production. Iron and steel mills, powder factories, chemical works have been founded to meet military work shops needs. Most of the arsenals have their power-generators, and store-houses in caves, and well distributed dump and supply stations.

The supply of China's war horses has been kept up in spite of difficulties. Breeding stations in Kiangsu and Kwangtung under the Ministry of Military Affairs were moved to Kweichow and Kansu. Kwangsi, Chinghai and Yunnan also have a number of stations to breed bigger and stronger horses for the Chinese Army. There are now eight breeding stations, three branch stations and one circuit breeding corps. The crops' stallions are sent from place to place to improve horses owned by the public. Seven more stations will be established in the next few years.

Winter and summer uniforms, shirts, underwear, and shoes are provided for the nation's 6,000,000 troops. Part of the materials needed for clothing was imported before 1941. Difficulties in transportation in 1942 forced China to use home-spun cloth for army uniforms. Cotton yarn and cloth are bought from producers at special prices mutually agreed upon. The Ministry of Military Affairs runs a number of spinning and weaving mills to supplement the supply. Its two woollen mills and the Chinese Industrial Cooperatives produce 1,000,000 woollen blankets a year.

In the summer of 1942, the Ministry of Military Affairs ordered summer uniforms for Chinese soldiers to be changed from the closed collar to open collar type with half sleeves and shorts. The new type will be more comfortable in summer months. The order is to be effective from the summer of 1943, but units stationed in India had the new uniform in 1942.

Chinese soldiers are given 24 ounces of rice or 26 ounces of flour per person a day, besides beans, vegetables, and meat. The stock is supplied by the Ministry of Food, distributed through the Army Food Bureau. There were 242 granaries and distribution centers in 1941, and 500 in 1942. To supplement the stock supplied by the Ministry of Food and food bought on the spot by the different units, the Ministry of Military Affairs has three army

bakeries making biscuits and bread. The total capacity is 546,000 units a month. A fourth bakery will be established in Shensi. A rice-steaming plant in Fukien steams rice for troops on the eastern front.

Ten army finance bureaus in the different war areas handle the pay of officers and men as well as other expenses. Mobile units operating behind enemy lines receive their pay through numerous channels. Besides regular pay, the men receive special subsidies, food allowance, office, medical, and other expenses. Troops stationed in India receive subsidies in rupees. The official rank and scale of monthly pay are as follows:

General (<i>Lu Chun Shang Chiang</i>) ...	\$800
Lieutenant-General (<i>Lu Chun Chung Chiang</i>) ...	500
Major-General (<i>Lu Chun Shao Chiang</i>) ...	320
Colonel (<i>Lu Chun Shang Hsiao</i>) ...	240
Lieutenant-Colonel (<i>Lu Chun Chung Hsiao</i>) ...	170
Major (<i>Lu Chun Shao Hsiao</i>) ...	135
Captain (<i>Lu Chun Shang Wei</i>) ...	80
First Lieutenant (<i>Lu Chun Chung Wei</i>) ...	60
Second Lieutenant (<i>Lu Chun Shao Wei</i>) ...	42
Warrant Officer (<i>Lu Chun Chiun Wei</i>)	32
Master Sergeant (<i>Lu Chun Shang Shih</i>) ...	16
Sergeant (<i>Lu Chun Chung Shih</i>) ...	13
Corporal (<i>Lu Chun Shia Shih</i>) ...	11
Private (<i>Lieh Ping</i>) ...	\$5.00-\$6.50

Formerly the management of military supplies and finance was taken care of by commanders. Since June 1, 1942, commissaries, directly responsible to the Ministry of Military Affairs, have been appointed. The new system was first tried out in a number of war areas in March and enforced in the entire nation in June. Periodic inspections are made by the Department of Commissariat of the Ministry of Military Affairs. Fourteen armies which showed fine results in the enforcement of the new system were mentioned by the Generalissimo in a special order on March 26, 1943.

Since October, 1941, the army, divisional, and regimental district system was reorganized and changed into army and divisional districts. There are at present 16 army districts and 112 divisional districts. Each divisional district is commanded by the deputy commander of an army to which recruits trained in that district are sent. Units operating in guerrilla districts where conscription cannot be applied, are allowed to call for volunteers to supplement their rank and file. More than 11,000,000 men were mobilized according to the conscription law from August, 1937, to August, 1942.

MILITARY EDUCATION

The Board of Military Training which was established in February, 1938, to succeed the Directorate-General of Military Training, is in charge of military education. A number of special schools, however, are under other military organs.

The Staff College, formerly in Nanking, has finally settled down near Chungking after a number of migrations. It is the highest institution of military learning in China, open to officers in the land, naval and air forces. Candidates for the Staff College must have the recommendation of their unit commanders and pass an examination. In the college they are taught staff and command duties from brigade to army, together with functions of staff officers.

The basic school of military education is the Central Military Academy, formerly in Nanking and now in western Szechwan. Its predecessor was the famous Whampoa Military Academy. The school still has Generalissimo Chiang Kai-shek as its president. Since 1924, when the Whampoa institution was first established, the Central Military Academy and its branches have graduated more than 72,000 cadets, besides those completing training in its special classes. It has now nine branch schools distributed in the southwestern and northwestern provinces.

Cadets for the academy and its branches are enrolled from junior and senior middle school graduates. Agents are sent to war areas and even behind Japanese lines to recruit young men for the academy. The cadets are given one to three years of training after which they are commissioned as second lieutenants. After a few years' service, they may enter special arms schools for further training.

The training of reserve officers takes place in senior middle schools and colleges where all men students are required to take military drill on their own campuses to be followed by an intensive training in barracks the summer of their graduation. Such training is conducted in close cooperation with local garrison forces and nearby institutions of military training. From time to time, the Board of Military Training sends inspectors to check up on the progress made in each school.

Experience gained in actual combat has modified considerably the training in Chinese military schools. Specialization is emphasized in the Central Military Academy and its branches as well as in

the various special arms schools. Closer relationship between classrooms and battlefields are sought by basing education on actual fighting requirements. Numerous changes have thus been made in teaching materials, methods, and procedure. Field maneuvers are conducted more often than before and as much as possible in a realistic way. Furthermore, the schools are ordered from time to time to send inspecting, training, and teaching parties to visit various fronts to gather firsthand information from field headquarters. Occasionally, the personnel in military organs, schools, and armed units are interchanged so that each can be benefited by the other's knowledge and experience.

The former Directorate-General of Military Training maintained 12 institutions. The number has been increased to 26. Eight more schools are under different offices. With the exception of the air force and naval schools, China's military educational institutions are as follows:—

Staff College (Under Board of Military Operations).

Central Military Academy—
(With Nine Branches)

Infantry School—
(With Two Branches)

Cavalry School—
(With One Branch)

Artillery School
Engineers' School

Military Supplies School
Mechanized Unit School

Signal School
Northwest Special Arms Associated Branch School

Special Arms Cadre Training Corps
Special Cadre Training Class

Cadre Training Class
Northwest Guerrilla Cadre Training Class

Southwest Guerrilla Cadre Training Class

Quartermaster Corps School (Under Department of Commissariat, Ministry of Military Affairs)

Ordnance Technical School (Under Ordnance Department, Ministry of Military Affairs)

Army Medical School (Under Army Medical Administration, Ministry of Military Affairs, with Two Branches)

Veterinary School (the Ministry of Military Affairs)

Surveying School (Under the Board of Military Operations)

Gendarmerie Training School (Under the Gendarmerie Headquarters)

Besides, there are a number of special classes for short or long term training for special duties. They are established and dissolved as the situation requires.

The reorganization and training of the armed forces is an even more stupendous task. Because of the huge size of the Chinese Army, the work has to be carried out in several stages, each lasting from five to six months. At the beginning of each stage, units to be reorganized and trained are brought up to standard strength in men and equipment. A comprehensive training program, based on experience gained in actual combat, is enforced. High-ranking officers are sent out by the Board of Military Training from time to time to give guidance or lectures to the rank and file of units under reorganization. Toward the end of each stage, inspectors are sent to check up and report on actual progress. Since December, 1938, the Board has reorganized and trained units attached to six group army headquarters, 162 army headquarters, 356 divisions, ten brigades, and one recruit training center. Units of a number of army headquarters and many divisions are now being put through the same course. Field experience reveals that units reorganized and trained fight better.

The Board maintains a number of circuit classes to bring refresher education to the different units. They include the Northwest Circuit Education Class which teaches military subjects to troops in the Northwest, the Cavalry Circuit Education Class training cavalry units, the Artillery Education Class reorganizing and training artillery units, the Dynamite Technique Circuit Training Class teaching sappers the use of explosives against enemy defense works and buildings, and the War Area Communication Circuit Training Class training signal corps officers and men. Each war area has been ordered to establish its own cadre training corps, infantry-artillery coordination training class and war area communication training class. Each army has its own cadre training class and signal corps training class to give refresher courses to its own officers and men. Besides, in each army and independent signal corps, there is a training company for the training of its own radio operators. The Board also maintains a number of educational regiments to train supply corps, motor transport privates and non-commissioned officers. Men from these regiments are later sent to active service units.

PROMOTION AND AGE LIMIT

Army officers in active service are promoted to higher ranks in time of peace by selection in accordance with the rules given below. In time of war, the time limit is reduced by half. Promotion is also carried out according to merit in war service.

Second-Lieutenant to		1.5 years
First Lieutenant	2	"
First-Lieutenant to Captain	4	"
Captain to Major	3	"
Major to Lieutenant-Colonel	4	"
Lieutenant-Colonel to Colonel	3	"
Colonel to Major-General	4	"
Major-General to Lieutenant-General	3	"
Lieutenant-General to General	4	"

The age limits for officers on the active list in peace time are as follows:—

Rank	Age Limit
General	70
Lieutenant-General	65
Major-General	60
Colonel	58
Lieutenant-Colonel	55
Major	53
Captain	50
Lieutenant	47

DECORATIONS AND COMPENSATION

Decorations for Chinese military men include:—

1. The *Kuo-Kwang* (National Glory Medal—for extraordinary meritorious service in time of war against foreign aggression.

2. The *Ching-Tien-Pei-Jih* (Blue Sky White Sun) Medal—for meritorious service in time of war against foreign aggression.

3. The *Pao-Ting* (Tripod) Medal, 1st to 9th class—for meritorious service in time of war against foreign aggression or internal rebellion. From 1st to 4th class are for generals, 3rd to 6th class for colonels to majors, 4th to 7th class for captains and lieutenants, 6th to 9th class for non-commissioned officers and privates.

4. The *Yun-Hwei* (White Cloud) Medal, 1st to 9th class—for meritorious service in time of war or peace or against internal rebellion. From 1st to 4th class are for generals, 3rd to 6th for colonels to majors, 4th to 7th class for captains and lieutenants, 6th to 9th class for non-commissioned officers and privates.

5. The Honor Sword, 1st to 3rd class—for generals who have received the highest medals with further meritorious service in time of war or peace.

6. The Honor Flag—for army, naval, or air units with special meritorious service in time of war.

7. The Military Medal, 1st to 4th class—for meritorious service in time of war and peace.

8. The *Kwang-Hua* (Glorify China) Medal, 1st to 4th class—for meritorious service in time of war and peace.

9. The *Kan-cheng* (National Guardian) Medal, 1st to 4th class—for meritorious service in time of war or peace.

10. The Merit Testimonial—for meritorious service in time of war and peace.

Officers of the rank of major or above are eligible to the 1st and 2nd classes of the Military Medal, the *Kwang-Hua* Medal, and the *Kan-cheng* Medal. Captains, lieutenants, non-commissioned officers, and privates are eligible to the 3rd and 4th class medals.

All the medals are awarded by the National Government at the recommendation of the High Command.

When officers and men of the armed forces are killed or wounded in action, compensation is to be provided on the basis of the following classification:

- (1) Killed in military action.
- (2) Death while on duty.
- (3) Death from poor health due to assiduous duties.
- (4) Wounded in military action.
- (5) Death following serious wounds.

The compensation given includes a single compensation given to the family of the deceased according to his rank and an annual compensation given to his family or heir or the wounded himself.

Annual compensation for those killed in action is given for 20 years if the man is killed in time of war and 15 years if killed in time of peace. For those killed on duty in time of war an annual compensation is given for ten years and for those killed in time of peace, seven years. For those who died from poor health due to assiduous duties in time of war an annual compensation is given for five years, compensation for three years is given for those who have served in time of peace for more than five years, five years for those who have served for more than ten years, and seven years for those who have served for more than 15 years. The wounded are given

seven years of compensation for first class wounds, five years for second class wounds, and three years for third class wounds. For those wounded but still capable of future service, one year of compensation is given.

The Awards and Pension Commission of the National Military Council reports that from August, 1938, to June, 1941, 237,555 pensions were awarded, totalling \$14,287,380. Besides its Chungking office, the commission has branches in Shensi, Honan, Kwangsi and Chekiang.

MILITARY DISCIPLINE

The Directorate-General of Courts Martial handled in the two years from April, 1940, to March, 1942, 37 old and 407 new cases of which 351 were concluded and sentences passed while 93 were yet to be concluded. Its investigation office considered and reported on 1,036 cases involving military discipline in the same period.

Four outstanding cases of military discipline are worth mentioning, testifying to the Chinese High Command's determination to maintain discipline under all circumstances.

At the beginning of the war, General Li Fu-ying defending northern Shansi evacuated Tatung without order. He was arrested and sent to Taiyuan and court-martialed in September. Found guilty of disobedience of orders, he was shot by order of the High Command. This was the first full general executed in time of war.

When the Japanese were attacking Shantung at the end of 1937, General Han Fu-Chu, then governor of Shantung and commander of Chinese troops in that province, failed to obey the government's order to hold his ground and instead intended to withdraw westward into Shensi. He was arrested in January, 1938, found guilty and executed on January, 24.

At the end of 1940, General Shih Yu-san, then governor of Chahar, was ordered to move his troops into western Honan, but he remained in the eastern parts of the province, imposing illegal levies upon the people in the area. He was arrested and later executed on December 8, 1940.

On January 18, 1941, the New Fourth Army was disarmed and its commander, Yeh Ting, placed under arrest to face court martial for its defiance of military orders and plot to stage a revolt. In a special statement, the

National Military Council spokesman revealed that in readjusting military forces in various war zones, the High Command as early as December 9, 1940, ordered the New Fourth Army south of the Yangtze River to move north of the river before December 31, and continue moving northward until it should have crossed the Yellow River for operations against the Japanese by January 31. The region between Fanchang and Tungling in southern Anhwei was designated as the route for the army to cross the Yangtze.

On the contrary, the New Fourth Army at Kinghsien started moving in a southerly direction toward Taiping, its objective being to launch a surprise attack on General Shan-Kwan Yun-hsiang's headquarters.

It happened that the 40th Division, transferred from southern Kiangsu, was on its way northward for reorganization. Having learned of its arrival at Sanhsien on New Year's Day, 1941, the entire New Fourth Army slipped through to Maoling, which is about 40 kilometers south of Kinghsien, the night of January 4. It spread out in three forces to waylay the 40th Division.

Taken completely unawares, the 40th Division fought in self-defense. Whereupon, General Ku Chu-tung, commander of the 3rd War Area, at once ordered that disciplinary measures be resorted to. By January 12, the entire New Fourth Army was disbanded and its commander, Yeh Ting, arrested. Furthermore, by order of the National Military Council, the New Fourth Army as a unit was abolished.

Generalissimo Chiang Kai-shek, as Commander-in-Chief of the Chinese armed forces, made special reference to the New Fourth Army Incident in a speech reviewing home and foreign affairs on January 27, 1941. He said, in part:

During the past two weeks the Japanese have been playing up the New Fourth Army incident by the fabrication of a great batch of fantastic rumors aimed both at sapping the strength of our fighting spirit and at misleading world opinion with insinuations of disunion in our ranks. These rumors may be divided roughly into two categories. In the first place they state that since the Government took action in regard to the New Fourth Army there has been resulting dissension to the point of civil war. In the second place they claim that on account of the incident nations favoring and assisting us are about to change their attitude toward China. A close examination of the

incident concerned and of its falsified interpretation in these rumors will show that the motive really lies in the apprehension aroused among the enemy by the determination we have displayed in the strict maintenance of military discipline.

Everybody knows that since the war began the whole Chinese army and people have unanimously devoted themselves to struggle and sacrifice with a common allegiance to one command, one discipline, and one policy. Only a negligible minority of degenerate traitors such as Wang Ching-wei have chosen to throw themselves under the dominion of the enemy and organize their slavish puppet regimes, dressing up their treachery the while in talk of feud and faction. The traitors and puppets, however, are now all living under the aegis of their masters' power. With the defeat of the Japanese we shall also have procured their destruction. Apart from them there are no phenomena in the China of to-day to which the name of internal disruption could be given and still less anything that could be called civil war; questions of wartime discipline and obedience to military commands have nothing whatever to do with such possibilities.

The Government's disposal of the problem presented by the conduct of the New Fourth Army was simply and solely a matter of enforcing military discipline: there can be no room for doubt on this point in the minds of Chinese or foreigners. The affair was unambiguous; the issue was uninvolved; the incident not abnormal. Disobedience and insubordination among army men naturally bring down punishment upon them. Acts of revolt, attacks on comrades-in-arms, the forceful occupation of territory and other actions obstructive to the prosecution of the war still more certainly demand the disembodiment of the troops concerned; the most rudimentary conception of the principles essential to military command would require it. Only minds to which the ideas of law and discipline are equally foreign such as those of the Japanese Junior Officers' Group would perceive anything extraordinary in action so obviously necessary; none but they would think of exploiting it as material for malicious exaggeration in propaganda.

Turning to the international aspect, I may observe that the record of four years' sympathy and assistance from friendly nations has shown them uniformly desirous of seeing strict discipline enforced in our armies as a means of rendering them efficient in resistance. There has been no instance of their finding cause for suspicion and dubiety in our checking insubordination for the sake of that very object. On the contrary, they will be gratified to see us do so. Perspicacious statesmen of nations friendly to China will express only approbation for action lending strength and progress to our national armies. For those nations help us

because they hope we can display a spirit of robust self-mastery, they expect to see us able to carry our own laws into full effect and keep order in our armies. Reckless disorder in civil life or lawlessness and insubordination among our soldiers would mean a people without national spirit and an army without discipline; were we deserving of this description no one would care to assist us, and resistance would have been quite out of the question for us. The various rumors propagated by the enemy are such, in the light of these facts, that nobody of the slightest intelligence can fail to understand the nature of the motives for their fabrication, not to speak of swallowing them.

Since the war began a number of cases of disobedience to orders and defiance of discipline have had to be dealt with; Han Fu-chu, Li Fu-ying and Shih Yu-san were three instances. The behavior of the New Fourth Army, its disregard of orders, attacks on comrades-in-arms and even acts of mutiny and sabotage had necessarily to be put an end to; it was purely a matter of the assertion of military law. There was not the minutest admixture of issues belonging to the sphere of politics and party relationships. This is the first point that must be clear to the minds of all.

With the three men I have just mentioned the offense began and ended in the person of the individual. Let us now inquire why in the case of the New Fourth Army punishment had to extend to its abolition as a unit of the national forces. I will explain the distinction. Han Fu-chu, Li Fu-ying and Shih Yu-san acted solely on their own responsibility when they disobeyed orders. They did not incite their men to mutiny or lead them against another section of the national armies. The first of them was executed because he failed to obey the government's order to hold his ground in eastern Shantung and instead wanted to withdraw westward into Shensi. Li Fu-ying was shot for his persisting in retreat when retreat had been forbidden him. Shih Yu-san was ordered to move his forces into western Honan, whereas he remained in the eastern parts of the province, imposing meanwhile upon the people of the area.

The officers and men serving under these three offenders took no part in the insubordination of their superiors; they fully comprehended the principles at stake and concurred in the change of command, and the Government accordingly preserved them intact. With the New Fourth Army it was otherwise; in November it was ordered by the High Command to move northward to engage the enemy in a certain appointed area; it elected not to respond, but waited until after the expiry of the period of time allotted, then to make an arbitrary move southward, executing a premeditated maneuver leading to an attack in broad daylight upon

the headquarters of General Shang-kuan Yun-hsiang and the 40th Division. This plainly mutinous proceeding caused its disbandment as a disciplinary necessity. The incident has its place in the category of similar action taken on other occasions during the war. There are now a dozen or so high-ranking commanders in confinement as a result of sentences passed on them for acts of insubordination and of these some are men distinguished for their former zeal and merit who could be in no way thereby exempted from the penalty due their guilt. This is evidence of the undiscriminating severity of measures taken to maintain discipline in our armies. They depend for their very life, the nation depends for its very existence, and resistance for victory, upon the allowance of no indulgence to violators of that discipline, upon the Government's never overlooking such offenses. At the same time we have to avoid all over-hasty conviction of those under suspicion of bad intentions lest injustice should be done them. The Government therefore limited itself last year to adjurations, calling upon the New Fourth Army to have done with its constant failure to comply with orders. It obstinately persisted, however, in its evil courses and at last went beyond all bounds. The situation developed in a way imperatively demanding the most rigorous action.

My own feelings were of acute pain and shame, for the errors and failings of subordinates are to be laid at the door of their commanding officer. I felt personally responsible for this unhappy affair, wherein you must none of you find any cause for gratification. Although the incident has been disposed of, it remains a blot on the glorious record of Resistance. In my capacity of Commander-in-Chief I am sensible of a distress exceeding that of any other person concerned. This is the second point I would have you all clearly understand.

Now let us ask what is the value of the rigid maintenance of military discipline. In it reposes a principle vital to the preservation of an army and a nation. Victory or defeat for resistance will turn upon the state of discipline in our armies. The mutinous attempt of the New Fourth Army to break away from the restraint of that discipline is a test of the Government's ability to keep it inviolate: it is therefore also an episode fraught with immense consequence to the nation's being. I acted as I did with the determination to protect army and nation from a threatening disaster. The alternative of letting things take their course, of giving mutineers their head, could but have resulted in military defeat and national ruin. Should I, charged with the duties of Commander-in-Chief, for the sake of a transitory avoidance of the disagreeable, nourish in my bosom the viper of disaffection, imperilling the integrity of the national forces, I should be guilty not

only of dereliction of my duty but also of betraying every fighting man and every citizen who has made sacrifices for the cause of resistance. In the strictest sense of the word I should be leading my followers to destruction; my offense would be the greatest a commander-in-chief could commit. I am resolved to demonstrate to the nation the essential qualities of sound discipline. It applies to all equally; it is a rule to which no exceptions are permissible. This is my third point.

At the beginning of the war several friends spoke to me in the following sense: "The unification of the country is not yet complete, its military preparedness is inadequate, the international situation is unfavorable, there are many doing lip-service to the idea of resistance who are not really ready to support the Government's policy. We cannot fight Japan; to such a venture defeat is to be expected." My reply was to the effect that their attitude was wrong: they failed to realize the revolutionary character of our present Government and fighting forces. Our armies drew their strength not only from their weapons and equipment in matching themselves against the Japanese. We need not concern ourselves with difficulties that might possibly arise after the war. The relevant question was whether we possessed revolutionary principles and revolutionary discipline; what was the quality of our revolutionary spirit and determination. If we were confident, I said, of having such principles and discipline, such a spirit, and the determination to make sacrifices, if we had ascertained the sincerity of our intention to fight for the existence of our nation, we need not hesitate to throw ourselves into the struggle. As for the international situation, the hope of favorable changes in that must depend on our own showing; to wait for them to come before entering upon resistance would mean the indefinite postponement of success for the revolution. We have ourselves to compel modifications in the attitude of the world toward us. A policy of wait-and-see in circumstances of such national peril would have meant waiting helplessly for death to claim us. For resistance is a stage in the process of revolution: it is not some merely incidental adventure. At that time I expressed myself in these concise terms: "Essential to resistance is deliverance from fear of internal strife; fear of it would incapacitate us for resistance." When those friends observed my resolution they offered their unfaltering support, and now that the war has been in progress for nearly four years, the enemy is well on the way to defeat and we are within sight of victory, the complete soundness of my views and decision has been vindicated. You must all grasp the two elements of our attitude; toward the world, a proper dignity and self-respect, and efforts to deserve well of friendly nations; toward home affairs, strict discipline, the building

up of our strength by all means with the aim of standing firmly on our own feet, our minds purged of any apprehension of internal disputes. In the event of an instance of rebellious conduct in the army it must be rigorously checked and the whole affair put in order, so that the evil may not impair the integral health of army and nation. I trust that no individual or party with the cause of national salvation and regeneration at heart will entertain any doubts as to the propriety of action taken by the Government to enforce discipline. While we oppose to the enemy the fullest possible measure of our strength, our serried ranks must answer to but one source of command, observe a common discipline. That is a basic condition for the attainment of victory.

You are all aware that the Government of China is a revolutionary one that can shatter any outward obstacles and suppress any internal rising against its authority. Had we during the years 1924-1926 laid aside our revolutionary mission for fear of internal opposition the Northern Expedition would never have been embarked upon. Every true revolutionary meets the obstacles and setbacks in his path with calm confidence in the fulness of his preparations. Revolutionary armies anywhere in the world have rarely been exempt from insurrectionary episodes; we need only ask whether a government claiming to be revolutionary has the ability to deal effectively with disaffection. If it is seen to go about the matter with a revolutionary vigor, especially where rebels are in arms, and uproot the evil, it will have achieved a victory that will contribute to the general success of its revolutionary endeavors. Now I can solemnly assure you our Government has both the determination and the ability to put down any incipient rebellion long before it could develop into civil war. That determination and ability are all the more certain at such a time as this when the whole people is pervaded with patriotic enthusiasm and loyalty to their fighting Government. We all share in the national life and honor we defend, with the exception only of traitors of the like of Wang Ching-wei who pretend to represent a faction of opinion in the country while they go about the purely private pursuit of gain at its expense. Apart from these criminals there are none so mad as to will the defeat of resistance.

There is yet another reason for the fact that the action taken against the New Fourth Army was unavoidable. Since the incident occurred the Japanese militarists have been rejoicing over the opportunity they think it provides them of fomenting sedition in our ranks. They are always on the look-out for signs of slack discipline and insubordination among us that might lead to national instability and eventual collapse. If we had not acted resolutely an indirect result would have been encouragement

of the Japanese contempt for our national integrity and revolutionary spirit and a fillip to their lust for conquest. Actually the course we took was a downright shock for them, putting their tricks at naught and giving them disagreeably clear evidence of the revolutionary discipline and spirit, and the conception of nationhood prevailing in our armies, in contrast to the enervation of which they hoped to take advantage. Let me assure the Japanese militarists that their interests will in no way be served by the Government's procedure in regard to the New Fourth Army, and that on the contrary it will brace up our discipline and enliven our fighting spirit. The outcome will be quite the reverse of their expectations and all to their disadvantage. Speaking in terms of our internal necessities, the Government had necessarily to assert its authority in an unequivocal manner to safeguard the essential conditions for successful prosecution of the war.

By now I think you will all have absolutely clear in your minds the outstanding fact that the incident under discussion was a normal, ordinary and indispensable case of the functioning of military authority. I am convinced that all exaggerated and malicious deductions representing it as something more are to be attributed to the enemy. I also trust that no citizen with love of his country and loyalty to the cause of resistance will permit himself to be fooled by the Japanese rumors or be influenced by them to take any disproportionately grave view of the affair. When the order for the disbandment of the New Fourth Army was about to be issued attempts were made in quarters connected with it to extenuate its offense by means of a variety of insidious and far-fetched arguments. I then despatched representatives to make an indirect appeal to them not to add error to error but to lend the true support due from all Chinese citizens to the interests of national resistance. The Government at first refrained from publishing the facts concerning the New Fourth Army's culpable disregard of orders and this I told them was out of consideration for them, not weak procrastination or fear of consequences. If they were to add to their former misdemeanors the mendacious vilification of superior commanders and the Government without thought for the good name of their country in the world's eyes their conduct would be universally condemned as conduct to be expected only from China's enemies and traitors, or at least calculated to give the Japanese every satisfaction. They would not only fail, I warned them, to justify their misdeeds thereby but would also make themselves abominated by all their fellow-countrymen. True patriots among us must respect the law and obey commands, conform to discipline and free ourselves of all disingenuous dealings in our devotion to the cause, I declared. Subsequently the vindictive talk ceased, and

I now believe no son of Han will serve the interests of the Japanese by echoing their exaggerated versions of the incident.

You must all realize that we did not immediately make the matter public because the New Fourth Army was a section of the national revolutionary army, of which I am the Commander-in-Chief. I have often compared the army to a family wherein I look upon the soldiers under me as a father regards his children. If his children behave well the father feels they reflect honor upon him; if badly, they disgrace him. I attempted to discharge my responsibility toward the New Fourth Army in the past by repeatedly warning it and imploring it to make a fresh start in the genuine service of the nation. I feared a premature revelation of its misdeeds might cut off its way to reform. My solicitude failed, however, to move them; they interpreted it as weakness and even timidity on the ground of their threats of precipitating civil war. Who will say that there could be any possibility of tolerating the perversity and reckless selfishness of men prepared deliberately to expose to the sight of the enemy the weaknesses of their own army as a means of intimidating their superior officers? In point of fact, however, the Japanese were no doubt well informed, perhaps better informed than we, regarding the actions of the New Fourth Army. It was certainly not, therefore, for fear of letting them or the world know, that we abstained from publishing the state of things for so long. All along the motive lay in the moral precept, held so important in Chinese society, of "keeping evil out of sight and bringing good to the fore." I have always observed this principle in my dealings with men in general and only the more studiously in dealing with soldiers under my command, to whom I feel bound in an intimacy equal to that of family relationship. The honor of my subordinates is as my own; their merit or demerit as my own. With this sense of personal responsibility for their misconduct I am ever reluctant to make it known. On this occasion, however, there came a point beyond which it was totally impossible to conceal the ugly facts. All of you will recall the New Testament teaching of forgiveness unto seventy times seven. The misdeeds of the New Fourth Army even exceeded that number; there was no further room for pardon if I myself were not to become criminally negligent of my country's welfare.

Discipline is to be thought of as a bond of faith uniting all ranks of the army; its nature permits of no exceptions or partial treatment. So far as it is concerned all soldiers from Commander-in-Chief to private are on an equal footing. To feign blindness to its violation would mean my complete unworthiness of the trust reposed in me by the army. Only under the guarantee of its inviolability can all strive together for the sacred cause of resistance.

You are all acquainted with the fact that Japan finds herself in her present plight simply because her army men have set legality at naught and made a sport of discipline while her government has been powerless to uphold the law and enforce discipline. The Mukden Outrage came about as a result of the arbitrary action of the Japanese Junior Officers' Group who disobeyed their Emperor's commands and disregarded their government's directions, pursuing their ambitious schemes free from all restraint. Consequently there followed the Tokyo Incident of May 15, 1932, still without the government's exercising any check on those responsible for the bloody event of that day. Then again in 1936 there was open rebellion in the Japanese capital, the killing of elder statesmen and cabinet ministers and the overthrow of the government. Finally, with the Lukouchiao Incident war on a scale unprecedented in the Orient was brought about, threatening the destruction of world civilization. All this can be put down to the Japanese government's inability to maintain its authority and punish insubordination. The fact that the Japanese army can still continue its war of aggression in China, however, is due to the measure of disciplined habits preserved by the High Command. War-weary as they may be and ill-disposed to continue the war they must make the best shift they can to obey orders. This indicates the vital character of the observance due to orders that suffices to keep the spiritless Japanese army in the field as nothing else could. With the very different motives and spirit animating our forces it is nevertheless imperative that we show the same unquestioning obedience to commands.

If henceforth all sections of our forces carry out their orders, adhere strictly to the plans laid down by the High Command and fulfil the precise duties allotted them the Government will naturally look upon them with undiscriminating solicitude for their well-being providing each an opportunity to make its full contribution to a victory in the glory of which all will share equally. Now the New Fourth Army has been abolished; the question has been settled and no other question remains. Our Government has always been liberal and considerate toward all sections of the national forces, while I regard my soldiers as the members of a family of which I am head. An affair calling for unbecoming action causes me pain and shame, and all of you too will, I hope, consider this incident as a great disgrace to the Revolution, an incomparably regrettable page in the history of resistance, and take it as a warning example of the consequences inevitable to such conduct, encroachment upon areas not assigned you, obstruction of the movements of other troops, the seizure of their arms, the confiscation of the people's weapons and food, and so on. You must moreover see to it that, on the contrary, troops function to the

advantage of the people and give stability to the social order, especially in areas behind the enemy lines where solidarity of army and people is so essential. Let this affair be a stimulus to our faith in resistance and reconstruction; let good come of evil.

In conclusion, the incident is not to be considered as something negative, but as of positive value. Firstly, it has proved a sharp disappointment to the enemy's hopes of seeing internal disruption weaken the strength of the nation's will and ability to resist. Secondly, it has produced a vindication of the quality of our discipline, with an enlivening and salutary effect upon the morale of our forces. Had the action not been taken the Japanese would have felt more sure than ever of our worthlessness and of the feasibility of their aggressive designs. All our troops having been made aware of the motives of the Government in at first refraining from publication of the facts and of its subsequent severe procedure, they will know that all was done in the interests of resistance and they will be warned of its determination to act with similar resolution in any similar case.

Discipline is a criterion whereby the efficiency of the Government as a revolutionary and fighting government may be judged and the degree of soldiers' sincerity in devotion to the defense of their country be assessed. Apart from the preservation of sound discipline, no other issue whatever was involved in the Government's action. Nor did the behavior of the New Fourth Army have any connection with other parts of the national forces. The incident was entirely free from any political character. The Government is absolutely committed to the respect of all groups and parties that conform to the provisions of the *Program of Armed Resistance and National Reconstruction*; it legally safeguards their rights of freedom and independence. An infringement of the law by them would of course require the exercise of the law to restrain them. I constantly say to friends that though victory is near the country is not yet past the period of danger and while the crisis lasts people in all positions throughout the land should observe particular caution to avoid giving rise to obstructions to national unity and effort. The Government, however, cannot neglect its most important duties or fail in its responsibilities for the sake of such caution, though to the limited extent possible it kept silence for this reason in regard to the activities of the New Fourth Army.

My hope is that the whole country will of one accord observe strict discipline, obey orders, and throw its whole weight into the struggle to accomplish our revolutionary mission.

AIR FORCE

The Chinese Air Force is the youngest branch of the Chinese armed forces. It is under the control of the National

Aeronautical Affairs Commission of the National Military Council with Generalissimo Chiang Kai-shek as the Chairman. The Commission consists principally of four departments, namely, the General Office, Department of Operations, Department of Administration, Department of Air-defense. The various fighting units, air bases, factories, training institutions are separately under the control of the four departments.

The Chinese Air Force dates back only to 1932 when the Central Aviation Academy was established at Chienchiao, near Hangchow, although various training institutions had been founded and squadrons maintained by different local regimes. It was not until 1936 that the institutions and squadrons attached to the provincial armies were brought to the fold of the National Government and placed under one command.

The basic unit of the Chinese Air Force is the squadron. Squadrons are formed into groups, which are in turn attached to the different commands. The nation is divided into a number of route commands. Under each route commander are groups and squadrons of different branches—bomber, pursuit, observation, attack, transport. Squadrons are divided into flights, usually three flights to a squadron.

China had 200 first-line planes when the war broke out in 1937. Japan used 500 planes out of her total of 2,300. The Japanese strength in China was later increased to 800-1,000 planes.

The Chinese Air Force went into action on August 14, 1937, when a total of 103 Chinese planes participated in eight raids on Japanese warships and army positions in Shanghai, sinking and damaging about ten ships, destroying Japanese depots and positions, and shooting down two Japanese planes, against the loss of two Chinese craft and two pilots. On the same day, 18 Chinese pursuits encountered 18 Japanese heavy bombers raiding Hangchow and shot down six of them, not including probables. Since 1940, August 14 has been called Chinese "Air Force Day."

The next day, the Japanese struck back. Of the 20 planes that participated in a bombing expedition to Nanking, 10 failed to return to their base. Japanese planes were also brought down at other places, and the day's total bag was over 30 machines. In three weeks, Chinese Curtiss-Hawk and Boeing Pursuit planes practically wiped out

the Japanese Kisaratsu and Kanoya Air Corps, each consisting of more than 60 heavy bombers, and a number of naval observation planes, light bombers, and pursuits.

Meanwhile, Chinese bombing squadrons, equipped with Northrop and Douglas bombers, attacked Japanese warships in the Yangtze Estuary and the Hangchow Bay and Japanese trenches and military depots around Shanghai.

Chinese attacking planes, though small in number, played an important part in strafing Japanese positions and landing parties along the Whangpoo River.

In an encounter over Nanchang in January, 1938, new Chinese pursuits downed three Japanese planes. In a duel over the Wuhan cities on February 18th, Chinese E-15's and E-16's shot down 12 Japanese pursuits in 12 minutes.

The bombing expedition to Formosa on February 23, 1938, undertaken by three Chinese squadrons, destroyed 12 grounded planes, three hangars, and a number of barracks. On the Japanese Emperor's birthday, April 29, 21 Japanese planes were shot down over Wuhan. A flight of Martin bombers made a night "pamphlet raid" on western Japan on May 20. Besides, Japanese airfields, military establishments, shipping, and warships were repeatedly attacked along the Yangtze, on the South China Sea coast, and in North China. Strafing and bombing were effectively carried out by Chinese planes supporting the ground forces during the famous Battle of Taierhchwang in southern Shantung.

During another major battle over Wuhan on May 31, 13 invaders crashed to the ground. Other encounters were also fought over the Wuhan area, Canton, Hengyang, Kweiteh, and other points.

In the Battle of Wuhan, Chinese bomber squadrons were effective in delaying the Japanese naval advance along the Yangtze. Daily, twin-engined bombers were sent to attack Japanese warships and transports on the river, sinking 33 Japanese vessels and damaging 109 others. Raids on other Yangtze cities were occasionally made and a number of grounded enemy planes destroyed.

The years 1939 and 1940 were characterized by surprise raids, launched by the bomber squadrons and by the dogged defense of Chungking, Chengtu, Kunming, and Lanchow by the pursuit units. The outstanding achievement of the new

bombers was the bombing of the Japanese air base at Hankow on October 3 and 14, 1939. As a result, the Japanese lost over 100 planes, destroyed or damaged, more than 200 pilots and mechanics, killed or wounded, and large quantities of gasoline, bombs, and accessories destroyed. The two Chinese raids practically wiped out the 12th and 13th Air Corps of the Japanese Naval Air Force.

Chinese squadrons also made a number of raids on Yuncheng, Japanese air base in southern Shansi. No less than 10 attacks were made on that field. One of them, carried out on April 4, 1940, destroyed more than 30 grounded Japanese craft.

Chinese planes strafed and bombed Japanese positions and troop concentrations during the Battle of Kunlunkwan in southern Kwangsi in December, 1939; the Second Battle of Honan-Hupeh Border in May-June, 1940; and the Battle of Ichang in June.

Another "pamphlet raid" was carried out by a lone Chinese bomber in a daylight raid over Peiping on October 3, 1940, dropping 200,000 copies of Generalissimo Chiang Kai-shek's July 7 anniversary message to the Chinese army and people, his September 18 anniversary message to the Japanese soldiers and people, and another one to the Chinese nation as a whole.

Chinese pursuits were engaged during that year both in defending strategic cities and in escorting bombing squadrons. The first major victory in this period was the battle over Chengtu on November 4, 1939, when 18 of the invading 54 Japanese bombers were shot down by 27 Chinese pursuits. On three successive days, December 25-27 of the same year, the Japanese attacked Lanchow with a total of 301 planes. Nine of them were brought down by the Chinese. The fight for air supremacy in Kwangsi during the month resulted in the destruction of 12 Japanese planes over Liuchow.

The five-month dogged defense of Chungking by new Chinese E-15's in the summer of 1940 marked the greatest success of Chinese pursuits. The Japanese made 39 raids, each with an average of 100 craft and dropped more than 2,000 tons of bombs on the Chinese wartime capital. More than 70 of the invaders were brought down by Chinese defenders. Many more were so badly damaged that it was unlikely they could return to their bases.

In this period, the Japanese also lost two special planes of considerable importance. On February 2, 1939, a Japanese heavy bomber, a Fiat BR-20, was brought down by the Chinese at Shayang in western Hupeh. Among the crew of six was Captain Watanae, chief armorer of the Japanese Naval Air Force, and Lieutenant-Commander Fujida, who had established a world non-stop flight record of close circuit. On February 5, 1941, a Japanese transport plane was shot down near Chungshan, southern Kwangtung. Among the nine passengers and crew killed was Admiral Ozumi, former Japanese Minister of Navy and at the time of his death a member of the Supreme War Council. He was on an inspection trip to Hainan Island to arrange details for Japanese activities in the Southwestern Pacific.

The years 1941 and 1942 saw still closer cooperation between the air and ground forces of the Chinese military machine. In all the major battles fought in the period under review, Chinese pursuit and bomber squadrons played an important part in attacking Japanese positions and troop concentrations. In the Second Battle of Changsha in September-October, 1941, Chinese bombers twice bombed Japanese concentrations when the invaders were approaching the city of the Hunan capital. Another raid against Japanese troops attacking Changsha was carried out on January 8, 1942, when the Third Battle of Changsha was at its height.

In the Chinese counter-attack on Ichang in October, 1941, a Chinese bomber squadron made a moonlight raid on Japanese airfield and supplies at the Yangtze city. Chinese bombers, supported by the "Flying Tigers" of the American Volunteer Group of the Chinese Air Force, strafed and bombed Japanese columns and concentrations in April, May, and June when the Japanese were driving up the Burma Road in the spring of 1942. Chinese bombers also attacked Yuncheng in southern Shansi, Hankow and Shasi in Hupeh in October and November.

The "Flying Tigers" of the A.V.G., under the command of Colonel (now Major-General) Claire L. Chennault, and with Madame Chiang Kai-shek as their honorary commander, played an outstanding part in pursuit warfare in Chinese and Burman skies in this period. Formed in October, 1941, this group fought over Yunnan, Burma, Thailand,

and Indo-China and in a little over six months between December 20, 1941, when they had the first baptism of fire over Kunming, to July 4, 1942, when they were disbanded, the A.V.G. fighters brought down 284 enemy aircraft, besides large numbers of enemy personnel and materials killed and destroyed by their strafings and bombings. This did not include the probables that might have been downed or destroyed by the American fighters.

AVIATION EDUCATION

The first and best known of the Chinese aviation educational institutions is the Chinese Air Force Cadet School, formerly known as the Central Aviation Academy at Cheinchiao, Hangchow. It was the cradle of the Chinese Air Force and still supplies it with flight officers. The school had as its predecessors the aviation school maintained by the Ministry of Military Affairs and still earlier, the aviation department of the Central Military Academy in Nanking. A reorganization took place in 1929, when the Ministry of Military Affairs school was established at Chienchiao, and it was thrown open to students with middle school education and a good physique.

The Chienchiao school underwent another reorganization in 1932 with the help of an American military mission of 13 pilots and four mechanics under Colonel John H. Jouett, former U.S. Army Air Corps Officer and West Point graduate. Before returning to America in May, 1935, the mission had thoroughly established the American Army Air Corps system of air instruction. The system has been followed, with necessary modifications, by succeeding American and Chinese instructors. The school was reorganized once more after the present hostilities began and took its present name. It confines itself to the training of flight officers and is open only to graduates of military schools. Cadets have 180-200 hours of practice flying in three stages besides attending lectures. After graduation from the school, they become warrant officers and receive field experience in flying squadrons. After six months, they receive commissions as Air Second-Lieutenants of the Chinese Air Force.

The Flight Sergeants' School, established in 1938, trains non-commissioned pilots. Candidates for this school must be junior middle school graduates and must pass rigid examinations. After six months of military training, the cadets begin their flying lessons which also last for

180-200 flying hours in three stages. They become non-commissioned flight officers upon graduation and may become commissioned officers after building up a meritorious service record and receiving further training.

The Air Force Staff School trains squadron or group leaders to be staff officers in the Chinese Air Force. Subjects taught include air, army, and naval strategy, tactics, command and cooperation between the air, ground and naval forces, war history, administration, war supply, etc.

Air Force officers are also sent to the Staff College to learn strategy, tactics, and command together with army and naval officers to broaden their experience, thus ensuring closer cooperation between the three services.

For the training of qualified mechanics, an Air Force Mechanical School was started in 1932, which at present only admits those who have had practical experience in aeronautical factories. Cadets in this school spend two years learning the construction and repair of planes, motors, and instruments. Upon graduation, they are sent to air bases or factories as mechanics. The school has also an advanced division for the training of aeronautical engineers. Only college graduates who majored in aeronautical, mechanical, electrical, or civil engineering are qualified to take its examinations. Cadets of this division receive advanced training in designing and construction of aircraft and ground equipment during the two years in school, and become aeronautical engineers when they graduate.

Experience in enlisting flying cadets during the last few years points to the desirability of giving youths interested in flying an early start. So the Juvenile School was established in the summer of 1940, taking in boys 12 to 15 years old who are given, apart from the usual school education, special training to develop their physique. The boys are given an early chance to familiarize themselves with model planes, motor vehicles, and internal combustion engines. Upon graduation, they are admitted to one of the numerous air schools.

Since 1939, the Chinese Air Force has maintained special classes for advanced training in various branches—pursuit, bombardment, attack, observation, radio, gunnery, navigation, and air photography. All these classes are at important Chinese air bases and

are open to men in active service as well as to qualified cadets. The various squadrons also have their own training programs to familiarize their men with new planes, instruments, and tactics.

Since 1941, gliding has been popularized with great vigor. The National Gliding Association, with Generalissimo Chiang Kai-shek as president, was established in May, 1941. Special training classes were first conducted in Chengtu, teaching young boys and girls to soar and glide in motorless planes. Upon their graduation, they were sent to leading Free China cities to teach other Chinese youths to ride the skies on native manufactured gliders. A 35-meter parachute jumping tower, with three parachutes operating simultaneously, was built in Chungking in April, 1942. The popularization of gliding and parachuting will give a wider foundation for the development of aviation and the building of a stronger air force in China.

Another important training program of the Chinese Air Force, with the cooperation of American authorities, is the training of Chinese Air Force personnel in the United States. The first group arrived in the United States in 1941. Since then, successive groups of Chinese cadets have gone to America to learn to handle modern American planes and other equipment on American fields. Several batches have already completed their training and returned to China for service in combat units or flying schools.

AIR DEFENSE

The National Aeronautical Affairs Commission has an air defense department handling all air defense administration and also an Air Defense School,

founded in 1934, which trains gunners, searchlight and sound detector operators, spotters, and intelligence officers. It takes a cadet two years to qualify to be an air defense officer. The air defense units celebrate "Air Defense Day" on November 21, in memory of the first Chinese air defense exercise held in Nanking on that day in 1934.

Each province has an air defense headquarters which functions in co-operation with anti-aircraft artillery units and combat units of the Chinese Air Force in that province. Local and interprovincial telephonic and radio communication knit entire Free China into a vast network of air defense intelligence. Other active and passive measures are also taken by the department to safeguard the public against air attacks.

Chinese anti-aircraft batteries have given a good account of themselves in the present war, especially the 75 millimeter A. A. guns which during the Nanking days registered one hit in every 300 shots. On September 20, 1937, the Japanese sent 96 planes to bombard Nanking in four waves, and the Chinese ground batteries bagged 12 of them. On November 27 of the same year, a Chinese battery stationed at Kintan defending a highway bridge, shot down three planes with one shell—the hit caused the first bomb-laden plane to explode, thus destroying the other two. On the night of October 10, 1938, six raiders were brought down by Chinese A. A. guns at Hengyang in Hunan. Although fewer direct hits were registered in later years, the incessant pounding of the Chinese A. A. guns forced the Japanese raiders to fly higher and higher, thus making it harder for the Japanese bombardiers to hit their objectives.

AIR FORCE RANKS

Air General
Air Lieutenant-General
Air Major-General
Air Colonel
Air Lieutenant-Colonel
Air Major
Air Captain
Air First-Lieutenant
Air Second-Lieutenant

Kung Chun Shang Chiang
Kung Chun Chung Chiang
Kung Chun Shao Chiang
Kung Chun Shang Hsiao
Kung Chun Chung Hsiao
Kung Chun Shao Hsiao
Kung Chun Shang Wei
Kung Chun Chung Wei
Kung Chun Shao Wei

NAVY

The Chinese Ministry of Navy was superseded by the Naval Headquarters of the National Military Council in February, 1938. The Naval Headquarters has a Commander-in-Chief aided by a Chief of Staff. The headquarters has:

- (1) The Staff Department, with sections of operations and training, and a secretariat.
- (2) The Personnel Department, with sections of personnel registration, and pension and compensation.
- (3) The Construction and Ordnance Department with sections of ships, ordnance, and mines.
- (4) The Commissariat Department with an accounting office and a supplies section. The department controls all naval fuel depots.
- (5) The First Squadron.
- (6) The Second Squadron.
- (7) The Min River Defense Headquarters in Fukien.
- (8) The First Independent Brigade of Marines.
- (9) The Second Independent Brigade of Marines.
- (10) The First Mining Corps.
- (11) The Second Mining Corps.
- (12) The Third Mining Corps.
- (13) The Fourth Mining Corps.
- (14) The First Ichang-Patung Fortress Area Headquarters.
- (15) The Second Ichang-Patung Fortress Area Headquarters.
- (16) The First Patung-Wanhsien Fortress Headquarters.
- (17) The Second Patung-Wanhsien Fortress Headquarters.
- (18) The Wu River (Chekiang) Fortress Headquarters.
- (19) The Mamoi Navy Yard.
- (20) The Navy Mine Works.
- (21) The Navy Ordnance Bureau.
- (22) The First Navy Factory.
- (23) The Second Navy Factory.
- (24) The Naval College.
- (25) The Naval Training Barracks.
- (26) The Mine and Torpedo Training Station.
- (27) The Naval Hospital.
- (28) The Hydrographic Corps.
- (29) The Navy Special Service Corps.

The Chinese Navy entered the war with 59 units totalling 51,288 tons. It went into action on August 11, 1937 when the survey ships *Kan Lu*, *Kih Jih*, and *Ching Tien* and coast guard gunboats *Sui Ning* and *Wei Ning* removed all navigation signs and buoys, light houses and boats, and water marks below Kiangying in lower Yangtze. The same night they began the task of laying a boom across the Yangtze below the Kiangying fort by sinking ships in the river. Among the 28 ships that first went down were eight Chinese men-of-war. They were *Tung Chi* (cruiser, 1,900 tons), *Ta Tung* (sloop, 871 tons), *Tze Chiang* (sloop, 740 tons), *Teh Shen* (gunboat, 930 tons), *Wei Shen* (gunboat, 300 tons), *Wu Shen* (survey boat, 740 tons), *Su Tze* (torpedo boat, 90 tons), and *Chen Tze* (torpedo boat, 90 tons). Seven more ships were sunk in the second group with four warships: *Hai Yung* (cruiser, 2,950 tons), *Hai Chew* (cruiser, 2,950 tons), *Hai Chi* (cruiser, 4,300 tons), and *Hai Chen* (cruiser, 2,950 tons). Altogether 35 ships with an aggregate tonnage of more than 63,800 tons were sunk to build the Kiangying boom, besides eight barges, 185 ocean-going junks, and thousands of tons of stones. Transport *Pu An* (2,305 tons) formed another boom across the Whangpoo River.

The first casualty of the Chinese Navy was *Yung Chien* (sloop, 860 tons) which was undergoing repairs in the Shanghai Navy Yard. It was bombed and sunk on August 25, 1937. The next day, survey ship *Kih Jih* (500 tons) was sunk by enemy gunfire off the Nantung coast.

Although Japanese planes first attacked Chinese warships at Kiangying on August 16, 1937, it was not until September 22 and 23 that fierce battles were fought. On the 23rd, *Ping Hai* (cruiser, 2,600 tons, flagship) *Ning Hai* (cruiser, 2,600 tons) were sunk. On the 25th, *Yat Sen* (sloop, 1,500 tons, flagship) was damaged and beached and *Chien Kang* (destroyer, 395 tons) sunk by enemy aerial attacks. *Yat Sen* was later sunk. On the 29th, *Chu Yew* (gunboat, 745 tons, flagship) was attacked, beached and sunk on October 2,

Of the original four cruisers defending Kiangying, only the *Yin Swei* (cruiser, 2,460 tons) survived, though damaged, by the Japanese bombings. It was, however, bombed and sunk on October 25 when it was dismantling its guns at Tsaihishchi above Nanking. Prior

to that, the survey ship *Ching Tien* (280 tons) and torpedo boat *Hu Peng* (96 tons) were sunk on October 3, gunboat *Kiang Ning* (300 tons) was sunk on the 5th, and *Hu Ngo* (torpedo boat, 96 tons) was sunk on the 8th.

In mid-October, it was decided to dismantle naval guns from all warships to use them on land. Naval guns played important parts in the defense of Kiangying (Kiangsu), Matang (Kiangsi), Hukow (Kiangsi), Tienchiacheng (Hupeh) and Kotien (Hupeh) fortresses along the Yangtze.

After the fall of Nanking on December 13 the Chinese had laid down a second boom across the Yangtze at Matang. All approaches were mined and navigation signals below Kiukiang were removed. Then from Matang to Hukow new forts were erected on both sides of the river. For about four months after the fall of Nanking, there were no serious air vs naval engagements on the Yangtze. The first Japanese attack, in the form of bombing, occurred on March 27, 1938. One of the Chinese units was damaged.

In early summer, Japanese planes attacked the Chinese flotilla at Mamoi, Fukien. Four gunboats were sunk as a result of enemy action. They were *Fu Ning* (300 tons, sunk on May 31), *Chu Tai* (745 tons, sunk on June 1), *Cheng Ning* (300 tons, sunk on June 1), and *Su Ning* (300 tons, sunk on June 1).

Meanwhile, about 600 mines were laid down in front of the Matang boom. Tungliu and Hukow were similarly mined. As a counter-measure, the Japanese sent planes to find Chinese mine-layers. On July 1, *Chang Ning* (gunboat, 300 tons) and *Hsein Ning* (gunboat, 420 tons) were lost.

At this juncture, the Chinese Navy resorted to the use of motor torpedo boats. On July 14, the *Wen 93* succeeded in hitting a Japanese ship at Hukow. Despite being damaged by Japanese shelling, the boat returned to its base. On the night of July 17, the *Shih 223* and *Ngo 253* set out to find their prey. The attempt failed. One of them was sunk. Their base was later raided by Japanese planes on July 21. Two torpedo boats, the *Wen 42* and *Wen 88* were damaged. On August 1, the *Ngo 22* and *Yen 161* were attacked just when they were starting toward enemy ships. One of them

was sunk and the other disabled. The remaining boats were by the end of October ordered to be transferred to Canton defending the Pearl River.

At the same time, the fight between Chinese warships and Japanese planes continued. Gunboat *Chung Ning* (300 tons) was sunk on July 4, gunboat *Sui Ning* (300 tons) on the 13th, gunboat *Hai Ning* (300 tons) on the 14th, and gunboat *Kiang Chen* (565 tons) on the 20th. The torpedo boat *Hu Yin* (96 tons) was sunk on August 8.

The Chinese Navy took part in the defense of the Wuhan cities by laying mines to delay the enemy naval advance. On October 21, the sloop *Yung Chi* (860 tons) was sunk at Sinti. On the 24, the sloop *Chung Shan* (844 tons) was sunk at Kinkow. Meanwhile, the gunboat *Kung Shen* (280 tons) was sunk in Kwangtung.

Another encounter between the Chinese Navy and Japanese airplanes took place on November 11, 1938, when three gunboats, *Yi Shen* (350 tons), *Yung Shen* (280 tons), *Jen Shen* (260 tons), were sunk. On the 13th, the gunboat *Shun Shen* (380 tons) was scuttled to blockade one of the approaches to the Tungting Lake.

Since then, activities of the Chinese Navy have been concentrated on the use of drifting mines against Japanese shipping. Scores of enemy warships and merchantmen were sunk or damaged by native made mines released by naval guerilla mine-layers.

Whereas every year saw a number of new warships added to the Chinese Navy in the pre-war years, no new ship has been built in the five war years. The only additions are four river gunboats presented by the American and British governments. On March 17, 1942, the U.S.S. *Tutuila* was presented to the Chinese Navy by Lieutenant-Colonel James M. McHugh, representing the American government and the H.M.S. *Falcon*, H.M.S. *Gannet* and H.M.S. *Sandpiper* by the British government represented by Brigadier Gordon E. Grimsdale. Admiral Chen Shao-kwan, Commander-in-Chief of the Chinese Navy, accepted the gifts on behalf of the Chinese government. The U.S.S. *Tutuila* was renamed *Mei Yuan* (American Origin), the H.M.S. *Falcon*, *Ying Teh* (British Virtue), the H.M.S. *Gannet*, *Ying Shan* (British Mountain), and the H.M.S. *Sandpiper*, *Ying Hao* (British Hero).

NAVAL RANKS

Admiral of the Fleet
Admiral
Vice-Admiral
Rear-Admiral
Commodore
Captain
Commander
Lieutenant-Commander
Lieutenant
Junior-Lieutenant
Sub-Lieutenant

<i>Hai Chun Yi Chih Shang Chiang</i>
<i>Hai Chun Shang Chiang</i>
<i>Hai Chung Chung Chiang</i>
<i>Hai Chun Shao Chiang</i>
<i>Hai Chun Tai Chiang</i>
<i>Hai Chung Shang Hsiao</i>
<i>Hai Chun Chung Hsiao</i>
<i>Hai Chun Shao Hsiao</i>
<i>Hai Chun Shang Wei</i>
<i>Hai Chun Chung Wei</i>
<i>Hai Chun Shao Wei</i>

NAVAL VESSELS

The Chinese Navy has at present 15 warships in two squadrons:

THE FIRST SQUADRON

Name of Ship	Class	Tonnage	Built	Length	Beam	Draught	Speed	Armament
<i>Kiang Yuan</i>	Gunboat	550 tons	1904	180 ft.	28	7.5	12 k.	1 4.7-in. 1 3-in. 4 3-pdr. 6 Maxim.
<i>Chu Tung</i>	"	740 tons	1907	200 ft.	30	8	11 k.	2 4.7-in. 2 3-in. 3 6-pdr. 1 2-pdr. A.A.
<i>Chu Chien</i>	"	"	"	"	"	"	"	"
<i>Chu Kwan</i>	"	"	"	"	"	"	"	"
<i>Wei Ning</i>	"	300 tons	1933	140.9 ft.	20	7	11 k.	2 5.7-cm.
<i>Yi Ning</i>	"	300 tons	1934	"	"	"	"	"
<i>Ting An</i>	Transport	1,960 tons	1901	218 ft.	33	19	10 k.	.....
<i>Ke An</i>	"	1,242 tons	1903	230 ft.	33	19	9 k.	.....

THE SECOND SQUADRON

Name of Ship	Class	Tonnage	Built	Length	Beam	Draught	Speed	Armament
<i>Yung Sui</i>	Gunboat	600 tons	1929	224 ft.	30	7.5	18 k.	1 12-cm. 1 4.7-in. 2 3-pdr. 2 4.7-cm. 1 8-cm. A.A. 1 2-cm. A.A.
<i>Ming Chuen</i>	"	464 tons	1929	196 ft.	26	6.9	17 k.	1 4.7-in. 1 10-cm. 2 5.7-cm. 1 8-cm. A.A. 1 2-cm. A.A.
<i>Mei Yuan</i>	"	370 tons	...	...	...	...	...	2 3-in.
<i>Ying Teh</i>	"	372 tons	...	...	...	...	...	1 3.7-in.
<i>Ying Shan</i>	"	310 tons	...	...	...	...	...	2 3-in.
<i>Ying Hao</i>	"	185 tons	...	...	...	...	...	1 3.7-in.
<i>Hu Tsuin</i>	Torpedo-boat	96 tons	1906	132 ft.	16.5	7.6	14 k.	1 4.7-cm. 1 3.7-cm. 3 14-in. T.T.

Besides the two squadrons, the Chinese Navy has four mining corps, each with seven companies, distributed along the Yangtze River. Each company in the Second Mining Corps has two platoons. Each corps has a number of radio stations to keep in contact with the headquarters, the corps and companies.

The First Ichang-Patung Fortress Area Headquarters has two forts with five sub-forts and two smoke screen companies. The Second Ichang-Patung Fortress Area Headquarters has two forts with four sub-forts and two smoke screen companies. The First Patung-Wanhsien Fortress Area Headquarters controls three forts. The second Patung-Wanhsien Fortress Area Headquarters controls two forts. The four area headquarters defend the Yangtze approach from Ichang to Chungking. The Wu River Fortress Headquarters controls two forts, defending the Wu River in Chekiang.

NAVAL EDUCATION

The primary institution for the training of Chinese naval officers is the Naval College where courses are offered in navigation and engineering. British officers were engaged in 1930 as instructors. It was formerly situated at Mamoi, but removed to Hunan and later to northern Kweichow in September, 1938. Altogether more than 900 midshipmen have graduated from this school since its establishment in 1867. Although the cadets have less chance to familiarize themselves with the sea and ships, they are not neglecting the study of modern maritime knowledge and naval strategy.

Besides, the Naval Training Barracks are training enlisted men for service at naval stations and ships. The Mine and Torpedo Training Station trains men in the manufacturing and employment of mines and torpedoes. The use of drifting mines and torpedoes gives more significance to this station.

APPENDIX

EMERGENCY LAW GOVERNING THE PUNISHMENT FOR CRIMES DETRIMENTAL TO SECURITY OF THE CHINESE REPUBLIC

(Promulgated and enforced on September 4, 1937)

Article I. Anyone guilty of one of the following, violating the security of the state, shall be liable to capital punishment:

- (1) Those who communicate with enemy countries aiming at disturbing public safety;
- (2) Those who cooperate with rebels aiming at disturbing public safety;

- (3) Those who buy or transport military materials for enemy countries or rebels;
- (4) Those who transmit or give out military or political secrets to enemy countries or rebels;
- (5) Those who destroy communication or military installations;
- (6) Those who instigate military men to violate discipline to neglect their duties, or to collaborate with enemy countries or rebels;
- (7) Those who instigate others to communicate with enemy countries, or collaborate with rebels, or disturb public safety;
- (8) Those who spread rumors to mislead the public, undermine military morale, or disturb public safety;
- (9) Those who conduct through literature, pictures, or speeches, propaganda beneficial to enemy countries or rebels.

Anyone who is guilty of one of the above offenses as a result of instigation of other people but denounces himself to the authorities before discovery, may receive lighter sentences or be free from punishment.

REGULATIONS GOVERNING TREATMENT OF PRISONERS OF WAR

(Promulgated by the National Military Council on October 15, 1937)

CHAPTER I. GENERAL PROVISIONS

Article I. All prisoners of war shall be treated according to these regulations unless otherwise provided for by treaties.

Article II. The following members of the enemy shall be taken as prisoners:

- (1) Officers and men of armed forces and organized volunteers and militia and those who serve with armed units;
- (2) Important high officials of the enemy government;
- (3) Officials in occupied territory;
- (4) Unorganized civilians who voluntarily participate in fighting;
- (5) Enemy aliens between 15 and 60 years old who have not returned to their countries within a proclaimed time limit;
- (6) Persons with no definite status or of suspicious character.

Article III. Enemy officers, officials, soldiers, and civilians who give themselves up shall be also taken as prisoners of war until they are safely placed at designated concentration points.

Article IV. The following enemy personnel shall not be taken as prisoners of war:

- (1) First aid workers and those who undertake transportation work in first aid corps;
- (2) Missionaries;
- (3) Members of a military delegation;
- (4) Enemy aliens below 15 or above 60 years old, or women, or men not within the age limit of this paragraph but crippled, who have not returned to their countries within a proclaimed time limit.

Such people shall lose their exemption privilege if they:

- (1) Carry or hold arms;
- (2) Gather military information;
- (3) Intend to or actually help the enemy troops;
- (4) Participate in hostile acts;
- (5) Refuse to submit to restrictions or inspection;
- (6) Lie about their status, age, or pretend to be crippled.

CHAPTER II. MANAGEMENT

Article V. All prisoners of war shall be subjected to strict examination.

Article VI. With the exception of arms, horses, military literature, and other articles of military nature that have to be confiscated, prisoners of war shall be permitted to keep their money, certificates, badges, medals, etc.

All property confiscated shall be duly recorded.

Article VII. All prisoners of war shall be removed to safe districts away from the front line. Those who are seriously wounded and cannot be removed may remain for treatment.

Article VIII. All prisoners of war shall be placed in special concentration camps.

Article IX. All prisoners of war shall be required to give the following information which shall be duly recorded:

- (1) Name, age, nationality, address, and profession;
- (2) Rank and the name of units or office they belong to;
- (3) Name and address of family members or relatives;
- (4) Date and place taken prisoner.

Article X. After examination, the following particulars about the prisoners of war shall be transmitted in accordance with international usage to their native country for transmission to their families:

- (1) Particulars listed in paragraphs 1 and 2 of the preceding Article;
- (2) Place of detention.

CHAPTER III. TREATMENT

Article XI. Prisoners of war shall be given same treatment as military men or civilians of China. Due respect shall be given to their good name and character.

Article XII. There shall be no acts of brutality, threats, or cheating to force or induce prisoners of war to disclose military information of their own countries.

Article XIII. No prisoners of war shall be used to resist the attack of their own army.

Article XIV. Prisoners of war shall be given the same food, bedding, and clothing as military men and civilians of China.

Article XV. When wounded and sick, prisoners of war shall receive proper treatment at medical institutions and follow the advice of medical commissions.

Article XVI. When under medical treatment, prisoners of war shall be given necessary food according to doctor's orders.

Article XVII. When wounded or sick, prisoners of war may request to engage their own physicians or be transferred to other hospitals. All such expenses shall be borne by the prisoners themselves.

Article XVIII. Speedy response shall be given when prisoners of war request an investigation into concentration camps.

Article XIX. Prisoners of war may exchange correspondence, send or receive money, bedding, clothing, books, and other necessary articles within the scope of these regulations.

Article XX. All letters and parcels sent by prisoners of war shall be sent free of postal charge.

Article XXI. Prisoners of war may send telegrams at their own expense.

Article XXII. Prisoners of war may buy at their own expense food, books and daily articles within the scope of these regulations.

Article XXIII. Any complaints prisoners of war may have shall be lodged with the highest military administrative organ.

CHAPTER IV. CONTROL

Article XXIV. Prisoners of war shall be housed in special concentration camps. Except for punishment or emergency, public safety or health measures, no prisoner shall be confined.

Article XXV. Prisoners of war shall be organized into units led by specially appointed officers. Prisoner officers may be appointed as assistants.

Article XXVI. Prisoners of war shall be guarded by troops. The same applies to wounded or sick prisoners who are undergoing treatment in hospital at their own expense.

Article XXVII. Money and other articles of the prisoners shall be kept by concentration camp authorities. The prisoners may call for and use the same when necessary. All articles shall be duly registered and the record signed by the prisoners.

Article XXVIII. All correspondence, telegraphic messages, parcels, books, and articles bought or brought in from outside shall be examined.

Article XXIX. The following articles sent to the prisoners are subject to confiscation:

- (1) Articles against the law or of dangerous character;
- (2) Poison;
- (3) Literature, books, pictures, or articles of military nature or insulting to China;

- (4) Newspapers;
- (5) Correspondence and telegraphic messages in code or secret language or of instigating nature.

Article XXX. The following articles cannot be bought by prisoners:

- (1) Articles against the law or of dangerous character;
- (2) Articles easily combustible;
- (3) Articles endangering general health;
- (4) Medicines not prescribed by medical officers;
- (5) Other unnecessary articles.

Article XXXI. Complaints lodged by prisoners of war shall be transmitted at once. No delay is allowed.

Article XXXII. Concentration camp authorities are to pursue prisoners of war who escape from the camp. No shooting is allowed unless necessary.

The provision of this Article is not applicable when the prisoners of war are engaged in riots, seize arms, or use arms to facilitate their escape.

CHAPTER V. LABOR SERVICE

Article XXXIII. Prisoners of war may be summoned to render labor service according to their rank and ability.

Article XXXIV. Labor service by prisoners of war shall be limited to eight hours a day. There shall be no work on holidays.

Article XXXV. Prisoners of war rendering labor service may receive remuneration as follows:

- (1) No pay for work done for the management, installations, and protection of the concentration camp;
- (2) Fifty per cent of the ordinary wage for government work;
- (3) Full wage for private work.

Article XXXVI. Prisoner laborers shall be organized into units led and guarded by officers and men.

Article XXXVII. In ordinary times, prisoners of war shall not undertake the following works:

- (1) Work directly or indirectly related to military affairs;
- (2) Work endangering general health.

CHAPTER VI. PUNISHMENT

Article XXXVIII. Prisoners of war shall obey Chinese laws, violations of which shall be dealt with as follows:

- (1) Ordinary offenses shall be punished by the camp command in accordance with law;
- (2) Criminal offenses shall be examined by the highest military authority. A special military tribunal may be requested by camp authorities when necessary.

Under section two, the highest military authority may appoint a special military tribunal composed of local judicial or administrative officers with special military tribunal powers to deal with the case. Sentences passed shall be duly reported to the higher authorities.

Article XXXIX. The protective country of the prisoners of war shall be notified after sentences against them are passed.

No sentence can be carried out until three months after this notification.

Article XL. A prisoner of war waiting to have his sentence carried out may be kept under confinement.

Article XLI. With the exception of especially severe cases, offending prisoners of war shall be dealt with as lightly as possible.

Article XLII. Offending prisoners of war shall not be deprived of their civil rights, ranks and medals.

Article XLIII. Prisoners of war who attempt to escape or help in escape may be kept under confinement.

Article XLIV. Prisoners of war shall not be punished on account of groundless complaints made by them about alleged bad treatment in concentration camps.

Article XLV. Prisoners of war shall not be punished with brutality, cruelty, or hard labor.

Article XLVI. Prisoners of war who are due to be released or sent back but have not yet concluded their sentences shall be detained for the duration of the sentences.

CHAPTER 7. RELEASE OR REPATRIATION

Article XLVII. The release or repatriation of prisoners of war shall be carried out according to terms provided for in the armistice agreement or peace treaty.

Article XLVIII. When prisoners of war are released or repatriated, their private property shall be returned.

Article XLIX. Prisoners of war who are serving sentences or who cannot be transported on account of illness or wounds shall be repatriated to their own countries after their release or recovery.

When prisoners of war are released or repatriated the governments of their countries shall be duly informed.

Article L. Transportation cost for prisoners of war outside of the national boundary shall be paid by their own countries.

CHAPTER 8. DEATH

Article LI. In case of death, the deceased prisoner of war shall be given burial according to his rank.

Article LII. After the death of a prisoner of war, a death certificate shall be prepared and a picture taken, together with his will and private property, and sent to his family in accordance with international usage.

The death certificate shall be prepared according to forms determined by the court.

Article LIII. The following particulars of a deceased prisoner of war shall be duly recorded:

- (1) Name and nationality;
- (2) Serial number of the death certificate;
- (3) Place of burial.

Article LIV. The tomb of a deceased prisoner of war shall be duly marked, giving the following details:

- (1) Name and nationality;
- (2) Time of death.

CHAPTER 9. APPENDIX

Article LV. These regulations shall be enforced from the day of their publication. If an agreement on prisoners of war is concluded with enemy countries, the provisions of the said agreement shall be followed.

REGULATIONS GOVERNING THE PUNISHMENT OF TRAITORS *(Promulgated on August 15, 1938)*

Article I. All cases of high treason shall be dealt with according to these regulations.

Article II. Anyone who, in collaboration with an enemy country, participates in one of the following acts is a traitor and shall be punished by death or life imprisonment:

- (1) Attempts to revolt against China;
- (2) Attempts to disturb peace and order;
- (3) Recruits an army or men and labor for military purposes;
- (4) Supplies, sells, buys or transports military equipment or materials for the manufacture of arms and munitions;
- (5) Supplies, sells, buys and transports rice, wheat, flour, cereals, and other food-stuffs;
- (6) Supplies money and other property;
- (7) Transmits, spies, steals, or gives away military, political, or economic information, literature, pictures, or articles;
- (8) Acts as guide or performs other work of military nature;
- (9) Hinders government officials in the execution of their duties;
- (10) Disturbs financial stability;
- (11) Disturbs communication, transportation, or military defense works or blockades;
- (12) Poisons drinking water or food;
- (13) Instigates military men, officials, or the public to revolt and join the enemy;
- (14) Succumbs to treasonable instigation.

Article III. Those who harbor or protect violators of Article II shall be punished as co-offenders.

Article IV. Those who try to hide violators listed in Article II shall be sentenced to imprisonment for life or not less than seven years.

Article V. Those who make a false accusation shall be given the same punishment he sought to bring on the accused.

Article VI. Unaccomplished violators of these regulations shall be punished.

Article VII. Those who plan to violate Articles II and III shall be imprisoned for not less than seven years; those who violate Articles IV and V shall be imprisoned for not more than seven years and not less than one year.

Article VIII. Anything gained as a result of violating these regulations and any article used in connection therewith shall be confiscated whether it belongs to the offender or not.

Article IX. Those who violate Article II shall have their entire property confiscated.

The violator still at large but whose arrest has been ordered by the National Government, may have his property confiscated before his arrest.

The violator, still at large for whom no order of arrest has been issued, may have a part or the entire property sealed by the highest military authority.

Article X. When the entire property of an offender is confiscated or sealed according to these regulations, a sum shall be appropriated as living expenses for his family.

Article XI. The local government shall be entrusted with the confiscation or sealing of property according to these regulations.

When entrusted with such work, the local government shall make a record and duly report to the highest military authority.

Article XII. Property confiscated according to Article VIII shall be handed over to a nearby military depot or local administrative office, which shall duly report to the highest military authority.

Article XIII. The executing office shall make a public notification of property confiscated or sealed according to these regulations.

Article XIV. Those violating these regulations shall be subject to the jurisdiction of military tribunals. Final decisions shall be made by the highest military authority.

Article XV. Sentences handed down according to these regulations shall have the text prepared within five days and, together with the defendant's statement and records and evidence, sent to the highest military authority for instructions. In emergency, however, the facts and reasons for taking such emergency measures may be reported by wire.

In places close to combat areas, the war area commander is entrusted with the right to examine the sentence and report to the highest military authority for record.

Article XVI. The highest military authority may directly investigate, appoint a special investigator, or order the transfer of jurisdiction over a particular case.

Article XVII. Provisions of criminal law and criminal procedure may be applied when not contrary to these regulations.

Article XVIII. Violators who give themselves up before discovery of their offenses shall be dealt with in accordance with the Law Governing the Self-Surrender of Traitors.

Article XIX. These regulations shall be enforced beginning from the day of their promulgation.

WARTIME MILITARY LAW OF CHINA (Promulgated on April 4, 1942)

Article I. This Law is applicable to military men, local militia men, and public functionaries in wartime. Persons with no special status are subject to Articles VI to VIII only.

Article II. Those evacuating a defense area without order, thus causing a great military loss, shall be punished by death.

Article III. Those who skulk when going into battle or use a pretext and refuse to advance shall be punished by death.

Article IV. Those who refuse to obey orders or refuse to follow commands when facing the enemy shall be punished by death.

Article V. Those who surrender to the enemy shall be punished by death.

Article VI. Those who plan or instigate revolts detrimental to the conduct of war shall be punished by death.

Article VII. Those who disturb public peace and order in the rear intending to handicap the prosecution of war shall be punished by death.

Article VIII. Those who spread rumors to undermine public and army morale, intending to handicap the prosecution of war, shall be punished by death.

Article IX. Those who let the army mistreat the people shall be punished by death.

Article X. Those who desert and carry with them arms and munitions or other important military material shall be punished by death.

Article XI. Those who commit looting or raping shall be punished by death.

Article XII. Those who protect smuggling shall be punished by death.

Article XIII. Those who make false accounts of military materials shall be punished by death,

life imprisonment, or not less than ten years of imprisonment.

Article XIV. Those who commit one of the following offenses shall be imprisoned for life or for not less than ten years:

- (1) Refuse to advance to assigned positions or leave assigned positions without permission;
- (2) Delay by pretext the carrying out of an order to advance;
- (3) Give false information about the enemy thus affecting adversely the commander's decision;
- (4) Under-estimate enemy strength and make no proper preparations;
- (5) Make false report on war results or fail to report failures in engagements;
- (6) Fail to accomplish missions as a result of not faithfully carrying out orders concerning an engagement or its plans;
- (7) Neglect the duty to safeguard arms and munitions and other important war materials, allowing them to be lost destroyed, or burned;
- (8) In places close to the war area, remove an office without permission of local military commanders.

When detrimental to the conduct of war, the above-mentioned offenses shall be punishable by death.

Article XV. Commanders leaving their units without reason will be imprisoned for not less than seven years. When such absence becomes detrimental to the conduct of war or causes unforeseen accidents the offenders shall be punished by death.

Article XVI. Those who fail to carry out contracts relating to military supplies and national defense in wartime shall be imprisoned for not less than three years and not more than ten years.

When detrimental to the conduct of war, the above-mentioned offense is punishable by death.

Those who commit the above-mentioned offense by mistake shall be imprisoned for less than three years.

The offenders of this article may be required to fulfill their contracts.

Article XVII. Those who leave behind sick or wounded officers and soldiers without reason shall be imprisoned for not less than seven years.

Article XVIII. Those who employ military vessels, vehicles, or airplanes for private purposes shall be imprisoned for not less than five years and not more than ten years.

Article XIX. Those committing offenses listed in this law, except when in war areas where war area commanders can order the death punishment of an offender in emergency

and duly report to the highest military authority, shall be tried by military tribunals according to the following procedure and duly reported to the highest military authority:

- (1) Military men shall be tried according to provisions of the Criminal Procedure for the Land, Naval, and Air Forces Cases;
- (2) Militia men and public functionaries shall be tried according to section one in accordance with their ranks;
- (3) Others shall be tried directly by a military judge.

Article XX. In war areas, violators of this law, except those who must be tried by high military tribunal, may be dealt with directly by the war area commanders who shall duly report the facts and sentences for record.

The highest military authority may order the direct investigation, the appointment of a special investigator, and transfer of jurisdiction of any of the preceding cases.

Article XXI. Offenses not listed in this law shall be dealt with according to the Army, Naval, and Air Forces Criminal Law.

Article XXII. This law shall be enforced from the day of its publication.

MILITARY SECRETS PROTECTION LAW

(Promulgated on December 17, 1932)

Article I. Those who give away or publicize secret military information, literature, pictures, or articles known or kept by them because of their professions shall be punished by death or life imprisonment.

Those who intend to violate this article shall be imprisoned for life.

Those who violate this article by mistake shall be imprisoned for not less than five years.

Article II. Those who give away or publicize secret military information, literature, pictures, or articles secured by spying shall be punished by death or life imprisonment.

Those who have access to secret military information, literature, pictures, or articles not through spying, but give away or publicize the same with the full knowledge that the same should be kept secret, shall be punished by death or life imprisonment.

Article III. Those who by force make the owner or keeper surrender or steal secret military information, literature, pictures, or articles with the full knowledge that the same are secret, shall be punished by death or life imprisonment.

Article IV. Those who spy, collect, or hide secret military information, literature, pictures, or articles which should not be known or kept by them by reasons of their professions shall be imprisoned for not less than three years and not more than ten years.

Article V. Those who, without permission or securing permission by artful scheme, enter or stay in a fortress, fort, naval base, barracks, military vessel and warship, airport and airfield, arsenal and military depot, or other place and installation of national defense shall be imprisoned for not less than one year and not more than seven years.

Those who secure entrance to the aforesaid installations by force or artful scheme with arms or other explosives shall be imprisoned for not less than ten years.

Article VI. Those who without permission or securing permission by artful scheme survey, photo, or paint the places and installations, or record the conditions of the said places and installations listed in the first section of Article V shall be imprisoned for not less than one year and not more than seven years. Those who thus violate Article IV shall be imprisoned for not less than three years and not more than ten years.

Article VII. The money or property secured by violating these regulations shall be confiscated. When the entire property or part of it cannot be confiscated, the value of the same property shall be confiscated.

MARTIAL LAW

(Promulgated on November 29, 1934)

Article I. In case of war, when it is necessary to take stringent measures throughout the country or in particular areas, the National Government may, with the approval of the Legislative Yuan, declare martial law according to this law.

Article II. Areas declaring martial law may be divided into:

- (1) A guard zone where stringent measures are taken against eventualities in war;
- (2) A combat zone where the armies fight during a war.

A guard zone and combat zone will be demarcated and proclaimed when necessary.

Article III. In time of war, when a fortress, naval base, naval yard, or a particular area is suddenly attacked by the enemy, or in emergency, the local commander may declare a temporary state of emergency.

The temporary state of emergency shall be duly reported to the National Government for ratification.

Article IV. The following commanders are allowed to exercise the right to declare a state of emergency according to Article III:

- (1) A specially appointed commander;
- (2) An army commander;
- (3) A division commander;
- (4) A brigade commander;
- (5) A fortress commander;
- (6) A fleet commander;
- (7) A naval port commander.

Article V. When martial law is declared in a territory, the local highest commander shall immediately report to the National Government and higher military authorities on the condition and on all measures taken.

Article VI. The territory placed under martial law may be changed when necessary.

Provisions listed in paragraph 2 of Article III and Article V shall apply when the territory placed under martial law is changed.

Article VII. When martial law is in force local administrative and judicial officials in a guard zone shall follow the instructions of the highest local commander in dealing with matters related to military affairs.

Article VIII. When martial law is in force, all local administrative and judicial authorities in a combat zone shall be transferred to the highest local commander and all local administrative and judicial officials shall be placed under the direction of the commander.

Article IX. In a combat zone, military offices have jurisdiction over the following criminal offenses:

- (1) Revolt;
- (2) Treason;
- (3) Disturbing peace and order;
- (4) Endangering public safety;
- (5) Counterfeiting money, negotiable bonds, documents, and seals;
- (6) Homicide;
- (7) Interference with freedom;
- (8) Robbery, looting, and piracy;
- (9) Blackmail and kidnapping for ransom;
- (10) Destruction of public property.

Article X. In a combat zone, criminal and civil cases may be handled by local military offices when there is no court or when communication with the local court has been interrupted.

Article XI. Those sentenced according to Articles IX and X can appeal the day after the martial law is lifted.

Article XII. The highest commander in the territory placed under martial law has the right to:

- (1) Ban public gatherings, organizations, or newspapers, magazines, pictures, posters, slogans that are detrimental to war;
- (2) Open and read letters and telegrams and hold or confiscate the same when necessary;
- (3) Examine vessels, vehicles, airplanes that enter or leave the territory and suspend communications and blockade principal roads and lines when necessary;
- (4) Examine suspicious travellers;
- (5) Examine privately owned arms, munitions, weapons, and other dangerous articles and hold or confiscate the same when necessary;

- (6) Examine installations, vessels, suspicious residences in combat zones, but not deliberately destroy or damage the same;
- (7) When necessary, order the evacuation of civilians living in a combat zone;
- (8) Destroy civilian property as required by conditions of war, but make due compensation therefore.

Article XIII. In territory under martial law, privately owned foodstuffs and articles may be investigated and registered, and their exportation forbidden when necessary.

In case of expropriation when necessary, due compensation shall be given.

Article XIV. During emergency, the National Government may, without waiting for the approval of the Legislative Yuan, declare a state of martial law in a particular territory, but shall not interfere with the duties of local administrative and judicial organs. In case of criminal offenses related to the prosecution of war, the local military organization may take up the case with the local judicial organ and hand over the case to the local court after investigation.

Provisions listed in Articles IV, V, VI, XII, and XIII may be applied when the state of martial law is declared according to this article.

Article XV. The state of martial law shall be lifted when the condition for declaring martial law no longer exists and everything should return to normal.

Article XVI. This law shall be in force from the day of its promulgation.

AIR DEFENSE LAW

(Promulgated on August 19, 1937)

Article I. This law is made to guard against enemy air raids, to reduce the damages, resulting therefrom, to safeguard national safety, and to protect the life and property of the people.

Article II. The highest military organization under the National Government is responsible for air defense work throughout the country. All things concerning the various Yuan, ministries, committees, departments, and local offices shall be carried out with the cooperation and collaboration of the different offices.

Article III. People of the Republic of China shall have the duty to serve and to supply materials for air defense.

In time of war or emergency, the people and civil airplanes and vessels in navigation shall have the duty to look out for the movement of airplanes belonging to the enemy country and countries sympathetic to the enemy and report the same to nearby military and police or air defense headquarters.

Article IV. Aliens with or without nationality or alien corporations having residence, property,

office, business, in the territory of the Republic of China shall all have duties of air defense. But the said duties shall not be in conflict with treaties and international law.

Article V. Those with one of the following conditions may be free from air defense service:

- (1) Crippled;
- (2) With mental disease;
- (3) Unfit for service because of age and health conditions;
- (4) Engaged in government offices or serving in the standing army and unable to discontinue their work.

Article VI. The following conduct shall be sanctioned by the highest military organization under the National Government or its appointed organization:

- (1) Dealing in air defense materials and tools;
- (2) Publishing or distributing air defense literature;
- (3) Showing air defense pictures;
- (4) Conducting air defense exhibits.

Article VII. In time of war or emergency, air defense information or alarm may have priority in the use of government, public, and private communication facilities, and may improve or change the same facilities.

Article VIII. With the permission or cooperation of local military and political authorities, air defense authorities may exercise the following power when necessary:

In case of Sections 6 and 7 the permission of the highest military authority shall be secured.

- (1) Order the people to participate in air defense or preparatory measures;
- (2) Order the use of hospitals and clinics owned by the people or aliens for air defense use;
- (3) Expropriate land or installations of the people according to law;
- (4) Improve or enlarge streets, or the entirety or part of residences or buildings;
- (5) Order or restrict the movement of the people;
- (6) Forbid or restrict the movement of civil airplanes;
- (7) Levy air defense surtax;
- (8) When necessary, order the surrender of or investigate into materials concerning air defense.

Article IX. Violation of Articles III, IV, and VI shall be punished by not more than 30 days of penal servitude or not more than \$100 of fine. The punishment will be doubled if the offender instigates others to commit the offense.

Article X. Those who give away air defense secrets or destroy air defense installations, thus handicapping air defense work or bringing about dangers, shall be punished according to

the Army Naval, and Air Forces Criminal Law or the Military Secrets Protection Law.

Article XI. Expenditures incurred in air defense and installations shall be met by the National Government and local authorities according to the nature and actual conditions of the expenditure.

Article XII. When privately owned land or buildings are expropriated for air defense works, the losses incurred shall be borne by the local government.

Article XIII. When killed, wounded, or falling ill as result of participating in air defense, the National Government or the local authorities shall pay for burial, pension, and medical expenses according to law.

Article XIV. Regulations governing the application of this law will be made by the highest military organization of the National Government.

Article XV. This law shall be enforced from the day of its promulgation.

CONSCRIPTION LAW

The Conscription Law now in force was promulgated after revision on March 15, 1943, superseding the one first promulgated on June 17, 1933 and enforced since March 1, 1936. Two supplementary regulations were adopted in 1939 and 1942 to meet demands arising from actual war needs.

CHAPTER I. GENERAL PROVISIONS

Article I. Male citizens of the Republic of China shall have the glorious duty of undertaking military service according to this law.

Article II. Military service shall be divided into militia service and regular service.

Article III. Male citizens shall begin military service on January 1 following their 18th birthday and complete military service on December 31 of their 45th year.

Article IV. Those crippled or with chronic disease and not fit for military service shall be exempt from military service.

Article V. Those imprisoned for life or deprived of their civil rights for life shall not perform military service.

CHAPTER II. SERVICE

Article VI. Militia service shall be divided into:

- A. Two years of elementary militia service for male citizens following their 18th birthday;
- B. First-class militia service until their 45th year for those who have completed the elementary militia service but are not drafted for regular service;
- C. Second-class militia service until their 45th year for those who have completed the elementary militia service but are not drafted for regular service or for first-class militia service.

Both first and second-class militia services shall be completed at the age of 45.

Article VII. Regular service shall be divided into :

- A. Standing service for male citizens after their 20th year. They shall be drafted for a two-year service after passing examinations. Non-commissioned officers in the infantry and men in special arms and trades shall serve for three years.

Students who have completed senior middle school and gone through military training in their schools shall be required to serve only one year in ordinary branches of arms and one and a half years in special arms.

After the completion of standing service, men may remain in actual service at their own request.

- B. Reserve service until their 45th year for those who have completed standing service.

Article VIII. Militia service men shall receive military training in time of peace and shall be called to the colors in time of war or emergency to :

- A. Reinforce the regular army ;
- B. Serve as auxiliary units ;
- C. Maintain peace and order.

Article IX. Standing service may be postponed for one of the following reasons but shall be resumed when the reason no longer exists :

- A. Being ill for six months or more.
- B. Sentenced to imprisonment or deprived of civil rights.

Article X. The term of standing service may be prolonged because of one of the following conditions :

- A. War or national crisis ;
- B. Cruises or duty abroad ;
- C. Important maneuvers or inspections ;
- D. Natural calamity or other emergencies.

CHAPTER III. ADMINISTRATION

Article XI. The Ministry of Military Affairs shall be responsible for the enforcement of conscription. The Ministry of Interior shall assist in conscription work. Other government offices shall assist in the work when they are concerned.

Article XII. For the enforcement of conscription, the nation shall be divided into command districts under the Ministry of Military Affairs with respective district headquarters.

Article XIII. Provincial and special municipality governments, under the direction and supervision of the Ministries of Military Affairs and Interior, shall help the command district headquarters in all conscription matters. Governors and special municipality mayors shall be supervisors of conscription in provinces and municipalities.

Article XIV. Magistrates and ordinary municipality mayors under the direction and supervision of superior district headquarters, shall take care of conscription matters in their respective districts.

CHAPTER IV. DRAFT

Article XV. Male citizens, after their 18th birthday, shall be subject to militia service and after their 20th birthday shall be subject to regular service. When they reach military age for regular service, draft candidates shall go through the following processes :

- A. Investigation of personal history;
- B. Physical Examination ;
- C. Drawing of lots ;
- D. Calling to barracks.

The draft processes shall be administered by conscription committees composed of representatives of the command district headquarters and special municipal, county, and ordinary municipal governments and related offices.

Article XVI. The investigation of personal history shall take place from April to June in each year. Consular offices shall investigate those living abroad.

Article XVII. Physical examination shall be held each year from July to September in the draft candidates' home towns or other places of residence. Those who fail to be examined during the year may be examined the next year.

Article XVIII. The drawing of lots shall be held each year in October. Those physically fit shall be called to service in different arms according to the sequence of lots. The drawing shall be performed by the candidates themselves. The conscription committee shall draw for absentees.

Article XIX. Draftees shall be called to barracks in their home towns. Those who live in other cities may, upon request, report to other barracks. Those drafted for standing service shall report to barracks on January 1 of each year. Supplementary dates may be set when necessary.

Article XX. Men of military age may delay their service in case :

- A. They are sent abroad by the government and cannot return within three years ;
- B. They are in poor health, as certified by qualified physicians ;
- C. They have lost parents or wife less than one month previously ;
- D. They are college students under 25 years old ;
- E. They have families to support and have no brothers ;
- F. They are involved in a law suit.

The candidates shall be drafted when the reason for delay no longer exists.

CHAPTER V. CALL

Article XXI. Men in reserve and militia services shall be subjected to the following calls :

- A. Military Training ;
- B. Maneuvering ;
- C. Mobilization ;
- D. Inspection ;
- E. Emergency duties.

Article XXII. Men in reserve and first class militia services may postpone responding to mobilization if they are :

- A. Qualified school teachers ;
- B. Qualified public functionaries of or above the recommended rank ;
- C. Qualified technicians in war industries and communication services ;
- D. Police ;
- E. Classified under Articles IX and XX.

When the reason for delay no longer exists, the candidates shall be mobilized as usual.

Article XXIII. The following may be exempted from military training, maneuvering, inspection, and emergency calls :

- A. Those classified under Article IX and Sections A, B, and F, of Article XX ;
- B. Seamen on cruises abroad.

CHAPTER VI. PRIVILEGES AND DUTIES

Article XXIV. The following privileges may be accorded men in standing service :

- A. Postponement of the payment of debts incurred before service until the second year after their discharge from standing service ;

- B. Livelihood support for wives, parents and children ;
- C. Priority in applying for jobs in factories, schools, and government offices ;
- D. Privileges provided for in pension and compensation laws.

Article XXV. Men in reserve and militia services when in training and taking part in maneuvers shall retain their jobs, with pay.

Article XXVI. Men in active service shall be obliged :

- A. To vow their loyalty to the National Government of the Republic of China ;
- B. To keep all secrets in connection with their duties, even after the completion of their services ;
- C. To refrain from joining organizations without permission of superior officers ;
- D. To refrain from marriage without permission of superior officers.

CHAPTER VII.—SUPPLEMENT

Article XXVII. Women between 18 and 45 years old shall be subject to call to perform auxiliary service in time of war, when detailed regulations for their service are promulgated.

Article XXVIII. Volunteer service shall be governed by a separate law.

Article XXIX. Service in naval and air force shall be governed by the conscription law when not subject to special regulations.

Article XXX. Punishment for violations of this law shall be governed by separate regulations.

Article XXXI. The application of this law shall be decided separately.

Article XXXII. This law will be effective on the date of its promulgation.